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30 September 1982

# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 41

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## USSR WORLD TRADE

### BRIEFS

USSR, DPRK AGREEMENT SIGNED--On May 5 this year the Soviet Union and the Korean People's Democratic Republic completed negotiations on mutual deliveries of goods for 1982 which were held in Moscow in an atmosphere of friendship and understanding. The talks resulted in the signing of a Protocol on Trade Turnover between the USSR and the KPDR for 1982 providing for a rise in mutual goods deliveries. As before, the Soviet Union will supply the Korean People's Democratic Republic with machines, equipment and transport facilities in addition to various raw materials. The Korean People's Democratic Republic, in its turn, will deliver to the USSR rolled ferrous metals, zinc, lead, dead-burned magnesite grain, non-ore minerals, cement, garments, fruit and vegetables and also other consumer goods. The Protocol was signed: for the Soviet side--by I.T. Grishin, Deputy Minister of Foreign Trade, and for the Korean side--by Pang Tae Yul, Deputy Foreign Trade Minister. The signing ceremony was attended by Jin Si Gun, Charge d'affaires and interim of the Korean People's Democratic Republic in the USSR. [Text] [Moscow FOREIGN TRADE in English No 8, Aug 82 p 27] [COPYRIGHT: "Vneshnyaya trgovlya" 1982 English translation "Foreign Trade", 1982]

USSR, PRC TRADE, PAYMENT AGREEMENT--On April 16 this year trade negotiations in Peking were completed with the signing of an Agreement on Trade and Payments between the Governments of the USSR and China for 1982. G.K. Zhuravlev, head of the Soviet governmental trade delegation, First Deputy Minister of Foreign Trade and Jia Shi, Deputy Minister of Foreign Economic Relations and Foreign Trade, on behalf of the People's Republic of China. The Agreement provides for a considerable growth of trade above the 1981 Agreement level and expansion of the export and import range through deliveries of new Soviet and Chinese commodities which have not been the subject of export-import transactions over recent years. In the course of negotiations the Sides confirmed their mutual interest in further increasing trade on the basis of mutual benefit, taking into account the fact that the Soviet Union and China are neighbours and possess rich natural resources. At the signing ceremony both Sides Deputy Ministers exchanged letters on frontier trade between the two countries and on opening additional reception-delivery border terminals for handling foreign trade goods. Chen Muhua, Vice-Premier of the State Council of the People's Republic of China, Minister of Foreign Economic Relations and Foreign Trade who was present at the

signing ceremony, had received G.K. Zhuravlev and members of the Soviet government trade delegation before the ceremony. I.S. Shcherbakov, USSR Ambassador in the PRC took part in the talks and attended the Agreement signing ceremony. [Text] [Moscow FOREIGN TRADE in English No 8, Aug 82. p 27] [COPYRIGHT: "Vneshnyaya trgovlya" 1982 English translation "Foreign Trade", 1982

CSO: 1812/172

IBEC ACTIVITIES FOR 1981 REVIEWED

Moscow FOREIGN TRADE in English No 8, Aug 82 pp 48-50

[Text]

The IBEC in the year under review continued its activities in conformity with the tasks of deepening the member-countries' economic cooperation.

The 1981 balance sheet total turnover of the Bank amounted to 274,900 million transferable rubles, (t.r.), 19 per cent above the previous year level; the balance sheet total went up 25.1 per cent to 6,200 million t.r. at the year-end.

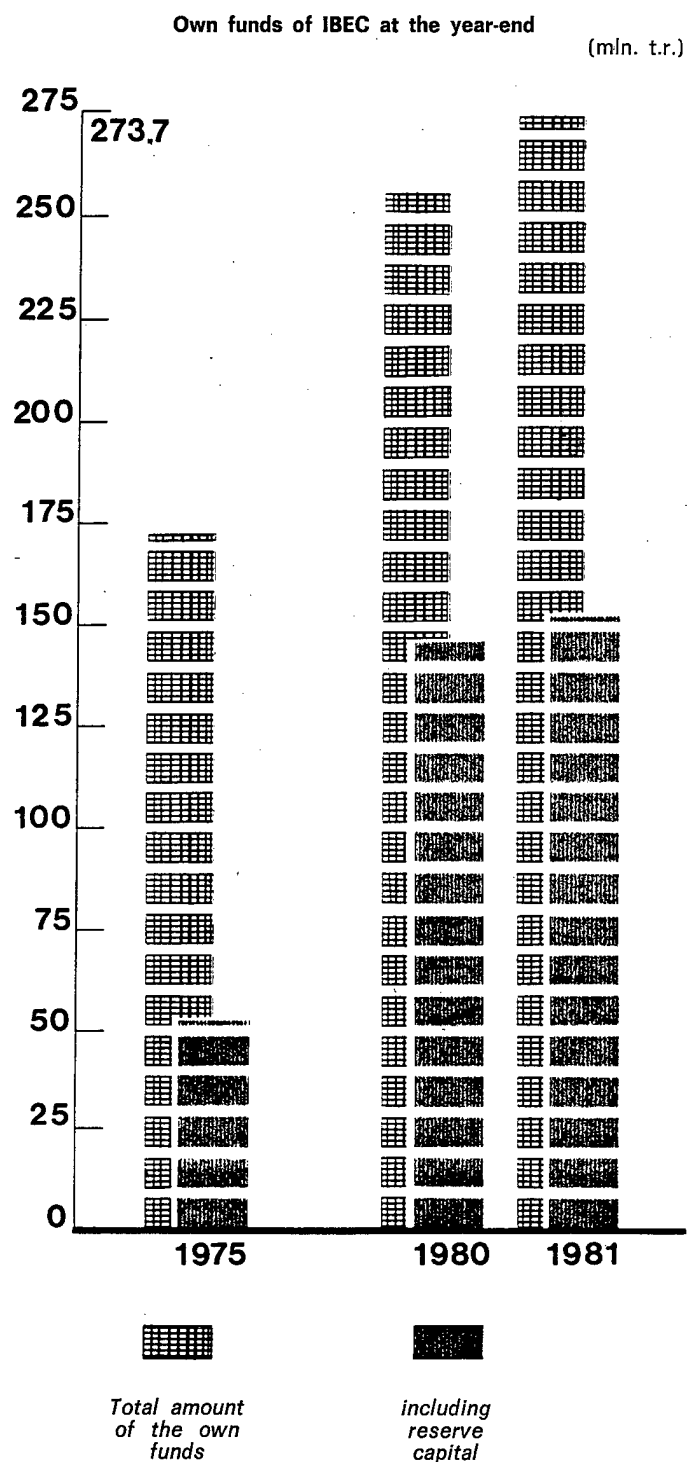
*Operations of the IBEC in transferable rubles* in 1981 continued to grow on the basis of a further expansion of mutual trade relations of the Bank member-countries. The total volume of operations in transferable rubles was 208,400 million t.r., 18.2 per cent over 1980. The amount of mutual settlements among the member-countries channelled through the IBEC grew 14.1 per cent against the previous year to 140,200 million t.r.; settlements on trade turnover accounted for 93.4 per cent of all settlements in transferable rubles.

In 1981, the Bank's lending activities satisfied, as before, the needs of the authorized banks in t.r. credits, and ensured the timely carrying out of mutual settlements of accounts. The interest rates on t.r. credits set for the IBEC member-countries in 1970, remained unchanged at substantially lower levels than international market rates.

The authorized banks of the IBEC member-countries received credits totalling 11,700 million t.r. in 1981, 21 per cent over the previous year, mainly due to the increase in the volume of time loans. The share of settlement credits in the total amount of credits granted in 1981 was 70.4 per cent against 82.8 per cent in 1980 and their turnover averaged 20 days. The share of credits granted to Vietnam, Cuba and Mongolia at preferential rates in the total volume of credits granted showed an increase.

Credit investments of the Bank at the year-end increased to 3,900 million t.r., i.e. 85.1 per cent compared with the year-beginning due to higher credit demand of a number of authorized banks resulting from the mutual trade turnover of the member-countries.





wide range of the IBEC's traditional partner banks, and built up its business relations with a number of other banks on the basis of mutual benefit.

The Bank's profit increased by 3.3 per cent com-

*Operations of the IBEC in convertible currencies and in gold* in 1981 were carried out in the conditions of continued aggravation on the international foreign exchange markets with an added volatility of exchange rates.

In this environment, the Bank was making all efforts possible to tie closer operations in respect of convertible currencies and terms in lending and most efficient use of the Bank's own funds. In view of extremely high interest rates, the balance of funds raised in convertible currencies decreased to the amount equivalent to 2,100 million t.r. at the year-end against 2,700 million t.r. a year earlier.

In 1981, the Bank maintained relationship with a pared with 1980, to 31.9 mln t.r. In accordance with the IBEC Council decision on the results of the Bank's activities in 1981 18.6 mln t.r. out of the total profit were distributed among the IBEC member-countries, and around 40 per cent of the profit were transferred to the reserve capital thus increasing the latter from 151.9 mln t.r. to 164.0 mln t.r.; 1.2 mln t.r. out of the profit were allocated to finance the construction of the new IBEC office building.

The IBEC maintained good relationship with the Council for Mutual Economic Assistance, the International Investment Bank, the International Institute of Economic Problems of the World Socialist System.

The Bank continued to maintain links with the United Nations Conference on Trade and Development (UNCTAD).

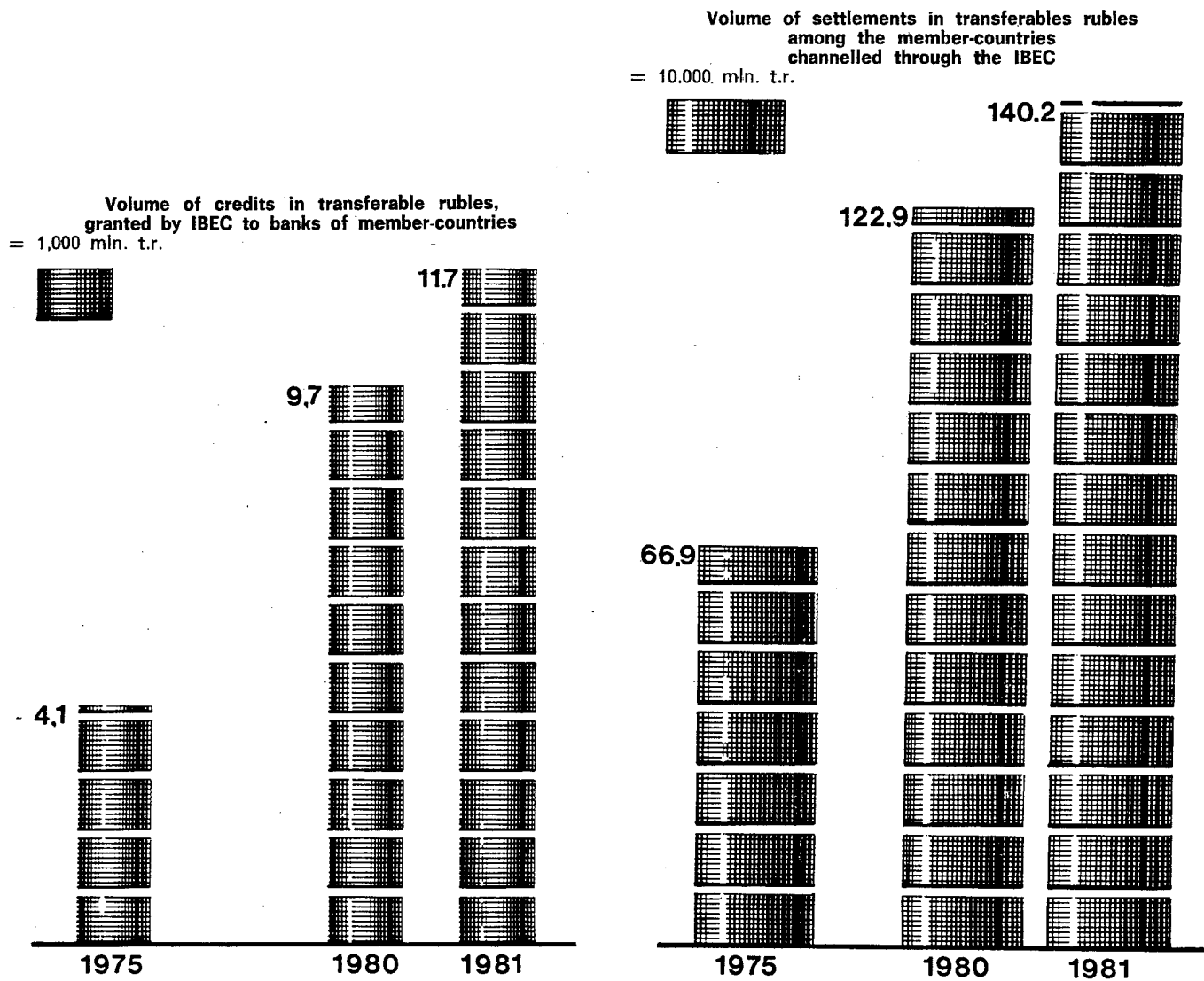
The IBEC was participating in seminars organized by the UNCTAD for representatives of developing countries with an aim to familiarize them with the organization and practical results of socialist economic integration of the CMEA member-countries. In 1981, on the request of the UNCTAD Secretariat, the IBEC received two groups of participants of such seminars held in Moscow. They were introduced to the activities of the Bank, the system of multilateral settlements in transferable rubles, lending conditions. The IBEC experts took part in the seminar arranged in Algeria as part of UN/UNCTAD programme to study the options of development of trade and economic relations of Algeria with the CMEA member-countries and Yugoslavia.

Two meetings of the Bank Council were held in the year under review.

At the 53rd meeting, held in Moscow on April 21, 1981, the Bank Council considered and approved the 1980 Annual Report and Balance Sheet as on December 31, 1980 presented by the Board, ruled on the 1980 profit distribution, and discussed a number of other issues pertaining to the current and future activities of the IBEC.

Along with delegations of the member-countries, the Council meeting was attended by representatives of the People's Bank of Yugoslavia in accordance with the cooperation agreement in force. The meeting was also attended by representatives of the National Bank of Angola, Da Afghanistan Bank, African Development Bank, National Bank of Laos, Bank of Mozambique, Bank of Finland and Bank of Yemen, Aden, who were invited in the capacity of observers.

The next, 54th Council meeting was held in Budapest on October 22, 1981.



**International Bank for Economic Cooperation**  
**B A L A N C E S H E E T**  
(in transferable rubles)

<b>ASSETS</b>		<b>LIABILITIES</b>	
		As on 31 December	
		1980	1981
1. Monetary funds			
(a) Current accounts and cash on hand	20,725,193	27,755,203	
(b) Time deposits	2,206,138,488	1,675,558,516	
	<u>2,226,863,681</u>	<u>1,703,313,719</u>	
2. Credits granted	2,673,192,846	4,463,651,203	
3. Property of the Bank	697,916	701,975	
4. Other assets	83,563,547	69,503,079	
<b>Total:</b>	<b>4,984,317,990</b>	<b>6,237,169,976</b>	
1. Capital funds of the Bank			
(a) Authorized capital			
Capital paid up	121,645,760	121,730,960	
(b) Reserve capital	<u>145,577,574</u>	<u>151,925,109</u>	
	<u>267,223,334</u>	<u>273,656,069</u>	
2. Deposits			
(a) Current accounts	730,608,618	692,548,642	
(b) Time deposits	<u>3,371,166,581</u>	<u>4,615,124,802</u>	
	<u>4,101,775,199</u>	<u>5,307,673,444</u>	
3. Credits received	490,350,435	487,467,334	
4. Other liabilities	94,074,168	136,468,981	
5. Net profit	30,894,854	31,904,148	
<b>Total:</b>	<b>4,984,317,990</b>	<b>6,237,169,976</b>	

The Council considered the progress of the fulfilment of the IBEC credit plan, particularized the working plan of the Council for 1982 and the draft plan for 1983, defined the countries to nominate members to the Auditing Committee of the Bank for the next term, discussed and made decisions on a number of problems connected with a further improvement of the IBEC activities.

The meetings were attended by representatives of the Secretariat of the Council for Mutual Economic Assistance and the International Investment Bank.

### BANK'S STATISTICS

Year	Total volume of transactions			Transactions in transferable rubles		
	Total	including		Mutual settle- ments of IBEC member countries	Credits granted by IBEC	IBEC credit invest- ments*
		in trans- ferable rubles	in con- vertible cur- rencies			
	in '000 mln. t.r.				in mln. t.r.	
1964	32.5	31.6	0.9	22.9	1,510.8	125.7
1965	35.9	33.9	2.0	24.1	1,806.8	203.6
1970	71.4	50.2	21.2	35.4	1,975.2	466.3
1975	158.0	94.9	63.1	66.9	4,097.2	954.7
1980	231.0	176.3	54.7	122.9	9,702.9	2,117.1
1981	274.9	208.4	66.5	140.2	11,738.8	3,919.7

\* At the end of corresponding year.

Year	Balance sheet total as on December 31	Net profit of IBEC
	in transferable rubles	
1964	169,346,526	602,005
1965	276,013,632	250,154
1970	1,161,008,941	7,027,067
1975	3,306,394,693	24,727,072
1980	4,984,317,990	30,894,854
1981	6,237,169,976	31,904,148

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## USSR-CMEA TRADE

### COOPERATION IN SPHERE OF CAPITAL INVESTMENT, FOREIGN TRADE

Moscow FOREIGN TRADE in English No 8, Aug 82 pp 2-7

[Article by Pavel Bagudin, head of the department of combined economic work of the CMEA Secretariat: "CMEA Member-Countries' Cooperation in the Sphere of Capital Investments and Foreign Trade"]

#### [Text]

Principled agreement of the parties concerned to join their efforts for solving largest and complex national-economic problems and do this in all cases when it promises an economic gain forms the foundation of the CMEA member-countries' cooperation in the sphere of capital investments. This has become an important trend in the economic interaction between them. Any form of cooperation in the sphere of investments is connected with the participation of the interested parties in increasing the basic funds of the country wishing to arrange this cooperation. Coordination of capital investments constitutes the planned basis of cooperation which is realized through the channels of foreign trade. Foreign trade organizations play an active role at all stages of the preparation and implementation of the CMEA member-countries' cooperation programmes in the sphere of capital investments.

Over recent years the scale of investment cooperation has been constantly growing, its forms enriching. It began to embrace coordination of capital investments in chosen industrial projects, construction of new and modernization of the existing productive capacities with the aim of creating conditions for satisfying the increasing demands of the CMEA member-countries for the most important types of products through a growth of mutual deliveries. Coordination of capital investments for creating new productive capacities with joint efforts is progressing especially actively.

Thus, in accordance with the Coordinated Plan of multilateral integration measures for 1976-1980 the interested CMEA member-countries allocated about 9,000 million transferable rubles for the joint construction of a number of large industrial projects. Joint realization of new projects in the sphere of investments is envisaged by the Coordinated Plan of multilateral integration measures for 1981-1985 approved by the 35th Meeting of the CMEA Session held in 1981.

Implementation of a considerable part of measures stipulated in the Long-Term Specific Programmes of Cooperation assumes also preliminary coordination and joint large-scale capital investments. For example, in line with the Long-Term Specific Programmes of Cooperation in the field of fuel, power and raw materials large atomic power stations on the USSR territory and inter-system high-voltage power lines of high carrying capacity are being constructed by the interested parties' joint efforts as well as preparations for constructing a factory to produce 30 thousand tons (in terms of metal) of nickel-cobalt containing products per year in Cuba which will soon be completed. Realization of coordinated measures for specialization and cooperation in production of equipment for atomic power stations, computer facilities, many types of chemical products and machinery and equipment is also connected with coordination of the participating states' capital investments.

In the practice of the CMEA member-countries' interaction in the sphere of capital investments great stress is placed on joint construction (or modernization) of large industrial projects which will produce as a rule goods in short supply—iron containing raw materials, ferroalloys, cellulose, asbestos, etc.—as well as on the construction of high capacity main pipelines for delivering natural gas, oil, power, petroleum products and certain types of chemical products.

The CMEA member-countries' cooperation in capital investments is based on principles of mutual benefit and interest; the countries participating in the cooperation are ready to accept certain expenditures connected with constructing industrial and other projects on a joint basis, and planning future supplies of necessary goods as compensation on more profitable terms than, say, their purchase from markets outside the socialist community. Evidently such cooperation is profitable both to a future exporter and to a future importer of the products.

The exporting country possessing natural resources for organizing production of deficit industrial products by joint efforts allocates them for common use on the agreed terms receiving in exchange the material facilities, necessary for creating new or expanding the existing productive capacities, as special purpose deliveries. The industrial enterprise constructed on the territory of the exporting country, being its property, to a certain degree promotes increase of the country's export potential. Along with this the exporting country obtains the possibility of a guaranteed market for its products in the participating countries, according to the share of their investments in the construction of the project not only in volumes necessary to fully compensate their expenditures but in a number of cases above these volumes.

This cooperation is also profitable to the importing country as it makes a special purpose contribution to the expansion of some specific industry. Experience shows that this special purpose contribution consists largely of deliveries, on credit or paid on account of the total trade turnover—machinery and equipment, metalwork and building materials as well as commodity products, that is the CMEA member-countries' traditional export goods. The countries having at their disposal specialized construction-assembly organizations participate in constructing projects through sending construction-assembly teams with the necessary technical facilities. In exchange the countries participating in construction of the project receive deficit goods for the purchase of which convertible currency would have been required, in addition, deliveries of these goods are guaranteed for a long period of time (10 to 15 years). At the expiration of the relevant agreements the deliveries of goods produced at jointly constructed enterprises may be prolonged on the terms coordinated by the interested parties.

Cooperation in the sphere of capital investments causes a volume growth in the mutual goods deliveries and services rendered by the cooperating countries both at the stage of the joint construction of projects (special purpose deliveries, designing, construction and assembly work and creation of the infrastructure connected with constructing the project, etc.) as well as after the construction and putting the project into operation (deliveries of products manufactured at the jointly created capacities; and in a number of cases the preliminary



coordinated counter-planned mutually agreed goods deliveries for the full cost of products being received from the constructed projects).

The application of the form of preliminary coordinated counter-planned mutually agreed goods deliveries helps the importing country to timely orient the industry for producing these goods. The prices for goods delivered for the projects from the countries participating in the cooperation as well as prices fixed on the products of the jointly created capacities are established as a rule in accordance with the principles of price formation in trade transactions between the CMEA member-countries existing during the period of deliveries.

Thus, goods deliveries for the jointly constructed projects, rendering of various services, deliveries of products from newly constructed projects during the action of the relevant agreement as well as counter-planned mutually agreed goods deliveries for repayment of these goods to a certain extent form the perspective for the mutual trade turnover between the countries participating in the cooperation.

The CMEA member-countries' cooperation in the sphere of capital investments is primarily aimed at expanding the fuel-power and raw material base which should satisfy the increasing demands of the processing sectors of industry for relevant resources. In spite of the fact that the CMEA member-countries constantly use their resources in increasing volumes for developing their own raw material base and economically and efficiently utilize all kinds of resources the deficit of fuel, power and various raw materials nevertheless remains and many CMEA member-countries have to import them. Cooperation in capital investments is one of the effective ways of maintaining the deliveries of fuel, power and raw materials from the countries, having all the necessary prerequisites for this, at the attained high level and the possibility of increasing these deliveries.

The CMEA member-countries' multilateral cooperation in the joint creation of capacities for producing fuel, power and raw materials started from the elaboration and implementation of agreements on constructing the Ust-Ilimsk pulp-and-paper factory (the agreement was signed in 1972), the Kiembayev asbestos ore-dressing complex (1973), ore-dressing complexes for the ferrous ferroalloys industry and capacities for producing ferroalloys (1974), the development of the Orenburg gas-con-

densate field and the construction of the main gas pipeline from the Orenburg region to the USSR western border (1974). In the course of implementing the latter agreement the cooperation in constructing « turn-key » projects was tested. In 1975 a general agreement on cooperation in creating new capacities for producing nickel and cobalt containing products on the basis of the Las-Camarocas field in the Republic of Cuba was signed. Later agreements on cooperation in constructing two large atomic power stations—in Khmel'nitsky and Konstantinovka—on the USSR territory as well as the Mozyr fodder yeast factory, etc. were signed.

Along with the increased number of agreements the scope of coordinating capital investments to the chosen projects and industries has been expanding. Thus, a great share of the increase of production and mutual major small tonnage chemical product deliveries in the period up to 1980 was assured due to the creation of new and expansion of the existing productive capacities coordinated within Interchim framework. At present an agreement on specialization and cooperation in production of power-intensive and less power-intensive chemical products and their mutual deliveries, signed in accordance with the Long-Term Specific Programmes of Cooperation in the fields of fuel, power and raw materials, is being realized. This agreement is in fact the result of coordinating large capital investments in the chemical industry. In accordance with this agreement the Soviet Union organizes the production and deliveries of large tonnage power-intensive chemical products (methanol, ammonia, polyethylene, etc.) to other CMEA member-countries while the European CMEA countries and the Republic of Cuba specialize in producing less power-intensive small tonnage products and supply them as compensation for the power-intensive products being received (dyestuffs, pesticides, textile-supporting substances, etc.). Mutual deliveries of these goods are cost balanced.

Similar coordination of capital investments and the specialization based on it help the countries create optimum and close to optimum manufacture, raise the scientific and technical level of production of specialized types of goods, increase their output and deliveries and more fully meet these countries' requirements.

Cooperation in capital investments is of special importance for such countries as Mongolia, the Republic of Cuba and Vietnam now on the road of socialist industrialization. Construction of industrial projects in these countries on the basis of cooperation with other CMEA member-countries makes it possible for them to successfully solve their general economic problems such as: develop natural resources, increase the number of highly-skilled persons, expand their export potential, etc. All this in the long run promotes the economic development of the countries and increases the efficiency of their social production and helps to accomplish an important socio-economic task—improve the material and cultural level of the people as well as make their economic development closer and more even.

Let us see what precisely participation in constructing the projects on the basis of the capital investment coordination gives to countries.

*The Ust-Ilimsk pulp mill (capacity 500 thousand tons of bleached cellulose annually).* It is being constructed jointly by the USSR, Bulgaria, Hungary, the GDR, Poland and Romania. The first stage of the enterprise (capacity 250 thousand tons of cellulose annually) has already been commissioned. The countries' contribution to the construction (excluding the USSR) consisted of deliveries of machinery, equipment, building and construction materials, cable products and consumer goods. Compensation of the countries' contribution is realized through deliveries of cellulose over a twelve-year period in equal annual amounts. After the complex is operating at its full capacity the cellulose deliveries to the countries participating in the construction will reach 205 thousand tons annually. Thanks to participation in the construction of this project Bulgaria, Hungary, the GDR, Poland and Romania have the opportunity to receive this scarce type of raw material from the Soviet Union for a long period of time.

*The Kiembayev asbestos ore-dressing complex (capacity 500 thousand tons of asbestos per year).* It is being constructed in the USSR with the participation of Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia; its first stage was put into operation in 1980. The countries' contribution consisted of deliveries of the traditional export goods—transport facilities, building and construction materials, cable products and consumer goods. This contribution is being compensated by deliveries of 177 thousand tons of asbestos per year to the countries participating in the construction.

Asbestos is one of valuable and deficit types of non-regenerative mineral raw materials, whose reserves in the world are limited.

In 1976-1980 in the Soviet Union with the assistance of Bulgaria, Hungary, the GDR, Poland and Czechoslovakia additional *capacities for producing ferriferous raw material—concentrates and pellets*—were created at the Mikhailovsky, Dneprovsky, Stoilensky and Gubkinsky ore-dressing complexes and also for producing certain types of ferroalloys at the Nikopolsk and Ermakovsk factories. Almost three quarters of the countries' deliveries consisted of machinery and equipment largely of traditional export and also of building and construction materials (about nine per cent) and consumer goods (twelve per cent). The countries also gave convertible currency for purchasing certain types of equipment not manufactured in the CMEA member-countries from the capitalist countries (thirteen per cent of the total countries' contribution was allocated for the construction of additional capacities). The cooperation resulted in a more than twenty per cent increase (as compared to the 1975 level) of deliveries of metallurgical raw material with a considerable and simultaneous improvement of its quality to the countries participating in the cooperation. The countries which participate in realizing these projects receive agglomerated ore, iron-ore concentrate and oxidized pellets with high iron content as well as ferroalloys (ferromanganese, ferrochrome, ferrosilicon, etc.).

The inter-state general agreement *on developing the Orenburg gas condensate field and constructing the main gas pipeline Orenburg—the USSR western border* signed in June, 1974, has been successfully implemented.

Over the 1975-1978 period, the countries participating in the cooperation constructed a complex of projects unique in their engineering characteristics and technical solution. These include a pipeline system (length 2,676 kilometres, 1,420 mm pipe diameter working at an effective pressure of 75 atm. and capacity 28,000 mln. cu. m of gas per year), 22 compressor stations (total capacity of the units is 1.6 mln. kW), control, remote control and communication systems, reconditioning and repair service centres as well as housing and communal projects. During this time Soviet organizations have accomplished a great volume of geological exploration and construction-assembly work for developing and expanding the extraction at the Orenburg gas condensate field.

The third stage of the gas chemical complex for refining and preparing natural gas for transportation was put into operation.

More than fifteen thousand specialists from Bulgaria, Hungary, the GDR, Poland, the Soviet Union and Czechoslovakia worked on the construction of the Soyuz gas pipeline.

The contribution of separate countries to the construction of the pipeline was as follows:

Bulgaria allotted an agreed amount of manpower for utilization at the construction sites on the USSR's territory; the Soviet Union constructed a straight section of the gas pipeline in the Bulgarian portion with its own labour resources;

Hungary and Czechoslovakia constructed compressor stations and infrastructure projects. In addition, Czechoslovakian organizations participated in constructing a complex consisting of a central repair depot and dwellings;

the GDR constructed compressor stations, the infrastructure projects and about one half of the straight section of the gas pipeline in its portion and Soviet building organizations completed the remainder;

Poland constructed compressor stations, a straight section of the gas pipeline and the whole infrastructure in its portion with its own means and manpower;

Romania as well as other participants in the cooperation allotted a corresponding amount of convertible currency for purchasing necessary equipment from third countries.

The major volume of work in constructing the gas pipeline was fulfilled by the Soviet Union (about sixty per cent of all construction-assembly work).

The countries participating in construction of the pipeline authorized the all-union foreign trade organizations to undertake centralized concluding of contracts with suppliers—firms in third countries. These organizations on the basis of relevant assignments accepted by the countries participating in the construction of the project purchased a great amount of pipes, as well as complete blocks of equipment for compressor stations, ball cocks, connections, reception reservoirs for purifying installations, gas flow measuring points, automatic, remote control and communication equipment as well as insulation and welding materials.

Natural gas deliveries from the Orenburg field are a great contribution to the socialist countries' power and raw material balance. Their utilization

favourably affects the economy of the participating countries. Annual gas deliveries during the period while the agreement is operative will amount to 15,500 million cu m. including 2,800 million cu. m. to each of the following countries: Bulgaria, Hungary, the GDR, Poland and Czechoslovakia and 1,500 million cu. m. to Romania per year.

The construction of two atomic power stations in Khmelnitsky and Konstantinovka—(capacity 4 mln. kW each) in the USSR was initiated by joint efforts of the CMEA member-countries. Deliveries of electric power from these atomic power stations after the latter are constructed will reach 20,000 to 22,000 million kWh per year, i.e. double that of the total USSR electric energy export in 1980. This will be a great contribution to the solution of the European CMEA member-countries' power problem.

The countries' contribution to the construction of the Khmelnitskaya atomic power station is worth approximately 890 million rubles, about 10.5 million rubles of it in freely convertible currency. As for the goods structure of the contribution made by the interested CMEA member-countries to the construction of this atomic power station the share of machinery and equipment was approximately 58 per cent. In addition, metal structures, building materials and consumer goods were also supplied.

All in all the USSR electric energy deliveries to the countries participating in this construction will amount to more than 220,000 million kWh during the period the agreement on the joint construction of the Khmelnitskaya atomic power station is operative (i.e. till 2003).

Construction of a 750 kW electric power line which will connect the above station with the European CMEA member-countries' power system in the region of the town Rzeszów (Poland) is under way. The countries' contribution to the construction of the above mentioned electric power line is approximately estimated at 500 million rubles, one half of which falls to the share of the Polish People's Republic. The countries' precise contribution to the construction of this electric power line is being coordinated by bilateral contracts or agreements on cooperation.

The Mozyr factory for producing fodder yeast from refined petroleum paraffins is being jointly constructed. Expenditures on constructing the factory will amount to 408.5 million transferable rubles including 30 million rubles in convertible currency.

The interested countries' contribution to the construction of the factory will amount to 177 million rubles, largely in terms of deliveries of machinery and equipment (sixty per cent), metal constructions, various building materials and consumer goods (over 33 per cent of the total goods delivery volume). After the factory is put into operation the countries will receive fodder yeast according to the share of their participation. Fodder yeast deliveries to the countries participating in construction of the factory will reach about 1,755 thousand tons, including: 675 thousand tons to the GDR, 405 thousand tons to the Republic of Cuba and 270 thousand tons to Czechoslovakia over the period the agreement is operative (i.e., up to 1998).

The CMEA member-countries' cooperation in capital investments also includes railway and road transport. The capital investments of the countries, using their resources and labour but within scheduled time limits and volumes which assure simultaneous accomplishment of work, have been coordinated. This work includes technical re-equipment of railway lines of international importance as well as significant main roads. In addition to building new roads and railway lines, secondary railway tracks and border stations, the out-fitting of railways with safety interlock equipment and centralized traffic control electric traction on new railway sections, etc. is envisaged. Thanks to coordinated capital investments 15 thousand kilometres of roads will be built and updated.

The construction in Mongolia with the Soviet Union's assistance of the Erdenet ore-dressing complex equipped with the latest technical facilities designed for producing 118 thousand tons of copper in copper concentrate annually, where more than two thousand people are employed, is an example of the mutually beneficial cooperation in the sphere of capital investments with such countries as Mongolia, Vietnam and the Republic of Cuba. In the six years that passed since commencement of constructing the complex all of its four construction stages have been commissioned. The Erdenet industrial complex also includes an integrated ore-dressing section (an open-cast mine producing 16 million tons of ore per year, an enrichment plant, a truck fleet, technical service depot, etc.), enterprises for servicing the complex (machinery repair workshops, district heating station, water and power supply projects, etc.) and a new town with population over forty thousand people that has all kinds of public utilities and cultural amenities. The town is connected by the

railway and motor roads with other towns. A water-supply line is connected with River Selenga, and a high-voltage electric power line—with the Soviet Union's power system in the south of Siberia. Erdenet is a smithy of national cadres. Over four recent years about six thousand young people of Mongolia have mastered more than 70 trades in the educational centre. Putting the complex into operation at its full rated capacity will actually double the Mongolia's export potential.

The Erdenet complex utilizes a unique field in which half of the copper deposits known in Asia today is concentrated. When the Erdenet complex is operating at its full rated capacity it will be one of the ten world's largest enterprises. Fifteen thousand Mongolian and Soviet specialists were engaged in constructing the complex.

In the agreement on constructing the Erdenet complex the USSR and Mongolia governments allotted capital in equal portions which has predetermined the equal participation of the parties in the management and distribution of profits. The Soviet Union granted Mongolia a long-term special purpose credit on advantageous terms to enable Mongolia to contribute to the joint fund for constructing the enterprise. This credit will be repaid through deliveries of products manufactured at the ore-dressing complex. At the first stage the product will be copper-molybdenum concentrate with a high metal content.

A coal recovery complex on the basis of the Baganur field is one of the largest Mongolian construction projects. The large-scale work for developing this very rich field of great importance for the development of Mongolia's fuel and power base is being carried out with the Soviet Union's technical and economic assistance. Here an open-cast mine (output up to 6 million tons of coal per year), a thermoelectric power station and a modern comfortable town are under construction. The latest mining machinery of Soviet production besides other equipment will be utilized at the open-cast mine: walking excavators (bucket capacity 15 cu.m.), 40-ton dump trucks, 250 h.p. bulldozers.

Geological explorations and formulation of the technical and economic substantiation for the development of the Hubsugul phosphorite fields in Mongolia are soon to be completed. The researches have confirmed it will be profitable to extract this scarce phosphor containing raw material from this field. Industrial exploitation of the first project of



this deposit will be arranged on a multilateral basis by the interested CMEA member-countries.

Cuba's non-ferrous metallurgy is being developed on the basis of the CMEA member-countries' cooperation in the sphere of capital investments. In particular, the Soviet Union participates in reconstructing the Moa and Nicaro nickel enterprises and in constructing a factory in Punta Gorda. Czechoslovakia is the USSR's sub-supplier, in fulfilling the latter's commitments on constructing this project. Questions on the construction of new capacities for producing nickel-cobalt containing products in accordance with the general agreement on cooperation in this field signed in 1975 are being settled now. As is known Cuba possesses a rich raw materials base for the development of non-ferrous metallurgy: for example, it occupies one of the first places in the world for nickel reserves. Construction of a new factory on the basis of the Las Camariocas deposit for producing thirty thousand tons of nickel-cobalt con-

taining products per year in terms of metal will open new prospects for the CMEA member-countries' multilateral cooperation. About eighty per cent of capital investments allocated to the construction of this project will be covered by the advantageous credits granted by the countries participating in the cooperation. The credits will permit to make deliveries of equipment and conduct research activities. The Soviet Gipronikel project planning institute accomplished all design work.

Thanks to constructing new and reconstructing the existing capacities on the territory of the Republic of Cuba the output of nickel-cobalt containing products will reach 100 thousand tons per year (in terms of metal). As a result Cuba will become one of the world's largest producers of nickel which is necessary for the development of quality steel production both in the country itself and for the deliveries to the fraternal countries. In connection with the further development of nickel raw material extraction in Cuba questions concerned with designing the new technology for the comprehensive utilization of non-ferrous metal ores are being discussed within the framework of the CMEA member-countries' Standing Commission on cooperation in the field of non-ferrous metallurgy. The elaborated programme now being implemented is of great importance for satisfying the CMEA member-countries' perspective demands for nickel and cobalt and the possible pro-

duction of other goods using Cuba's raw material. The question in particular is about the complex processing of laterite ores for producing aluminium, chromium, nickel, cobalt and iron. Upon solving these problems cooperation in the sphere of capital investments undoubtedly will progress further.

Problems concerned with the rational use of the economic potential, increased over recent years in the countries of the socialist community and the considerably increased demands for the major types of fuel, power and raw materials determine the scope and scale of new trends in economic relations.

Considerable capital investments required for creating additional capacities for providing the CMEA member-countries with fuel, power and raw material necessitate the further combining of material, man-power and financial resources of the CMEA member-countries for the joint construction of large projects needed for solving the above problems.

Over recent years substantial experience was gained in constructing large integration projects in various branches of the national economy by the joint CMEA member-countries' efforts. The analysis of this experience shows that the directions of cooperation were chosen correctly. Cooperation helps more fully meet requirements of the CMEA member-countries' national economies in power, fuel, raw materials and some other goods. Pooling the CMEA member countries' financial means facilitates creation of additional capacities for producing necessary goods within rather short time.

Perspectives of cooperation in capital investments are favourable. According to the decision of the 35th Meeting of the CMEA Session the coordination of capital investments should be carried out well in advance for it to have a greater positive effect on the further coordination of the five-year national economic plans.

For the practical implementation of this conditions should be created which would increase the sides' mutual interest and make the cooperation more attractive for the partners. It is also very important that the special purpose deliveries more fully conform to the technical requirements of the projects being constructed and that they themselves represent additional material, labour and financial resources, i.e. that their deliveries were made as a rule, above the traditional deliveries of the total trade turnover.

## USSR-CMEA TRADE

### IMPORTANCE OF CMEA ECONOMIC INTEGRATION VIEWED

Moscow APN DAILY REVIEW in English 31 Aug 82

[Article: "Economic Integration of CMEA Countries"]

[Text] Moscow, August 29 (TASS)--The importance of socialist economic integration as an intensive growth factor of the CMEA countries' economies is underscored in the journal VOPROSY EKONOMIKI No 8, 1982.

"The great importance of economic integration is evidenced by the fact that in the late 1970s mutual trade satisfied the CMEA countries' import requirements to the following extent: machinery and equipment, 68 percent; oil, 81 percent; oil products, 76 percent; hard coal, 95 percent; iron ore, 70 percent; rolled iron and steel, 60 percent; and consumer goods, nearly 70 percent. In 1971-1980 the yearly industrial growth rates averaged 6.5 percent in the CMEA countries, or nearly twice the figure for the developed capitalist states.

"The 26th CPSU Congress and the congresses of the Communist and Workers' Parties of other CMEA countries confirmed their common desire to continue to develop socialist economic integration in depth and promote the further economic advance of every CMEA country through the growth of intra-area economic cooperation and the steady fulfilment of the CMEA countries' comprehensive programme of economic integration and long-term goal-oriented cooperation programmes in major sectors of material production," the article stresses.

The emphasis which integration lays on the intensification of production is part and parcel of the CMEA countries' common economic strategy aimed to boost economic efficiency, the journal points out. The course towards the greater efficiency of social production stems from the tasks of the construction and perfection of developed socialism. The main of them is to ensure the steady growth of public well-being. Also, nowadays the need for intensification is explained by the reserves of extensive production growth having been largely used up in most CMEA countries.

Integration produces its effect in several interdependent directions at a time, the journal continues. Some forms, methods and segments of collaborative activities promote mostly the quantitative growth of national production while others influence mostly its qualitative characteristics, particularly the rates of technical progress, macroeconomic patterns, the resource-

intensity of output and labour inputs. The Communist and Workers' Parties of the CMEA countries realise that at present it is necessary to intensify the international coordination and pooling of investments, materials and manpower resources and further the concentration of industrial, scientific and technological potentials.

The current stage of development considerably increases the importance of socialist economic integration for the growth of the efficiency of the CMEA countries' economies, the journal says. The countries concerned formulated and increasingly carry out the task of shaping mutually complementary intra-sectoral structures, primarily in engineering, developed in CMEA countries in the course of industrialisation.

"It is quite legitimate therefore," the journal points out, "that the scale of the exchange of specialised products is steadily growing in the CMEA countries' mutual trade. It began to grow at particularly fast rates in the 1970s due to the accelerated fulfilment of integration initiatives. Reciprocal deliveries increased by more than 70 times under specialisation agreements alone, from 330 million roubles in 1970 to almost 25,000 million roubles in 1980. A total of over 120 multilateral and more than 1,000 bilateral industrial specialisation and cooperation agreements had been carried out by the end of 1980. This process is particularly intensive in engineering. The export of specialised engineering products in the mutual trade of CMEA countries grows nearly twice as fast as their overall export of equipment. The mutual export of specialised engineering products grew from 1.3 million roubles in 1971 to 9,100 million roubles in 1980 and the share of these products in the intra-CMEA trade in machinery and equipment reached 34 percent."

(VOPROSY EKONOMIKI No 8, 1982. Summary)

CSO: 1812/171

## USSR-CMEA TRADE

### RESULTS OF 36th CMEA SESSION ANALYZED

Moscow APN DAILY REVIEW in English 24 Aug 82 pp 1-4

[Article by I. Ikonnikov: "CMEA'S Course of Economic Integration"]

[Text] According to economic results, the economic, scientific and technical potentials of the member-countries of the Council for Mutual Economic Assistance (CMEA) are steadily growing. The socialist countries' economic development rates are higher than those of the capitalist states, as before.

It was noted at the 36th CMEA Session last June that the economic growth of the Council countries would depend on their closer cooperation in the solution of their vital economic problems, and on the consistent development of their international socialist division of labour. Heads of the CMEA members' delegations to the session voiced firm support for the further consolidation of the fraternal countries' unity and cohesion--important factors of successful socialist and communist construction.

It was stated at the Session that the Council countries' economies and cooperation had been developing against the background of the worsening conditions on the world market; the complicated international situation which had resulted from the "positions of strength" policies actively pursued by the imperialist powers; the stepping up of the arms race and increasing military spendings; and interference in other countries' internal affairs.

The Council censured the imperialist circles of the United States and a number of other NATO countries which, in a bid to exert political pressure on the CMEA states introduced tougher discrimination against them, adopted "sanctions," curtailed trade and economic relations with them, and above all with the Polish People's Republic and the Soviet Union and strengthened Cuba's illegal economic blockade.

One of the key items discussed was the CMEA countries' economic planning coordination programme for 1986-1990. Approved by the Session, it stipulates coordination of plans from 2 to 3 years prior to the beginning of another five-year period so that the national economic and social planning and programming could be based on such coordination's results.

Of paramount importance is the fact that the programme envisages coordination by the interested CMEA countries of their economic, scientific and technical policies. This is a new element of five-year plans' coordination. It is to improve cooperation in intensification of production and to further raise on this basis the well-being of the fraternal nations.

The scale of cooperation among the CMEA countries will keep growing and they will have closer economic relations in various spheres. This is testified to by a 36 percent growth of the trade turnover between them, planned for 1981-1985 as against the 1976-1980 figure.

Taking an active part in the integration activities and developing its cooperation in production, science and technology within the CMEA, the Soviet Union expands its foreign trade and economic relations with the Council countries. It will import approximately 60,000 million roubles' worth of modern machinery and equipment from them in the current five years. That will be machinery for the chemical, metallurgical and light industries; certain types of agricultural machines; cargo-and-passenger ships and fishing vessels; coaches and refrigerator vans; oil extracting equipment; diesel locomotives; and buses. It will also import from the fraternal countries 40,000 million roubles' worth of such consumer goods as clothing, foot-wear and furniture.

Cooperation in building big industrial and other economic facilities is a significant area of pooling the Council states' efforts. Over 2,700 such facilities were either under construction, or put into operation by the beginning of this year in the CMEA countries' leading spheres of economy, with Soviet assistance.

The Soviet Union shares its advanced industrial, scientific and technical experience with the Council countries and greatly contributes to the development of their fuel, power and raw material complex.

The Session focussed attention on cooperation in the development and production of microprocessors and robots. The microprocessor engineering cooperation programme approved by the Session envisages the pooling of efforts by 250 facilities in the Council countries to implement more than 100 projects including the development of prototypes of machines and the launching of serial production and mutual shipments, up-to-date technological complexes, machines, mechanisms, and microprocessor gear and instrumentation.

Broader cooperation has been mapped out in using unified assemblies and parts to produce robots for various industries and branches. That concerns the fuel and power complex, the ferrous and non-ferrous metallurgies, the engineering industry, agriculture and the food industry as well as construction, transport, trade, etc.

Such cooperation is in the interests of both the CMEA member-states and the Soviet Union which needs new effective machines. The Soviet Union intends to manufacture in the current five-year period about eight times more industrial robots, cargo handling, transporting and storing /auxiliary operations, welding and assembly, painting and quality control, contributes to the solution of a paramount social and economic task.

Another important problem in the centre of attention of the CMEA and its organs is that of fuel and energy. Its solution is important for the rates of economic development, the implementation of social programmes and the people's life. The Session summed up the fulfilment of the 1979 General agreement on multilateral international specialization and cooperation of production and mutual deliveries of equipment for atomic power plants. It involves dozens of enterprises in the fraternal countries, including the Atomnakh, a Soviet industrial giant.

Atomic power, the power of the future, is gradually turning into the chief component of the CMEA countries' electric energy budgets. According to estimates, nuclear power plants in some of these countries will account for 20 to 30 percent of the total electric energy to be produced by them in 1990. The production of new-generation one-million-kilowatt reactors is also planned. And so are the development of fast reactors, and the building of nuclear power-and-heating plants and nuclear boilers. The aggregate capacity of the atomic power plants functioning today in the People's Republic of Bulgaria, the German Democratic Republic, the Soviet Union and the Czechoslovak Socialist Republic is roughly 20,000 megawatts. They save about 30 million tons of reference fuel a year.

The CMEA also pays much attention to expanding cooperation with the socialist countries, with the developing states of socialist orientation, and other countries. As envisaged by an agreement between the CMEA and the government of Yugoslavia, the Session was attended by a Yugoslav delegation. It was likewise attended by representatives of Angola, Afghanistan, the People's Democratic Republic of Yemen, Laos, Mozambique and Ethiopia. Their spokesman highly assessed the Council members' international assistance to and support for the economic, scientific and cultural development of those countries. The Session noted the importance of consolidating such cooperation.

The CMEA Session's decisions have greatly contributed to the implementation of the economic strategies, mapped out by the 26th CPSU Congress and the congresses of other fraternal communist and workers' parties.

(Krasnaya Zvezda, August 3. In full)

CSO: 1812/171

## USSR-CMEA TRADE

### DISCRIMINATORY PRACTICES AGAINST CMEA COUNTRIES CHARGED

Moscow APN DAILY REVIEW in English 26 Aug 82 pp 1-2

[Article: "Guarantee of Progress"]

[Text] Comparison of the economic indices of the CMEA countries and the developed capitalist states in today's complicated economic situation convincingly demonstrates the indisputable advantages of socialism over capitalism, Yuri Shirayev, Director of the International Institute of the Economics of the World Socialist System wrote in *EKONOMICHESKAYA GAZETA* on August 25.

In the 1970s the aggregate national income of the CMEA countries went up by about two thirds their industrial production by 1.9 time and their agricultural output by nearly 1.5 times. The growth rates of the capitalist states made half of the corresponding figure for the CMEA nations as a result of the crises shaking the zone of developed capitalism.

Thanks to the advantages of planning, socialist managerial techniques and mutual cooperation, the economies of the CMEA countries, he went on to say, were reliably protected from such adverse phenomena as the overgrowth of the fuel and energy problem into an energy crisis, the galloping rates of inflation, the unprecedented post-war growth of unemployment which stands at 30 million in the developed capitalist states, the growing gap in the economic levels of the different groups of non-socialist nations, the intensification of protectionism and the aggravation of trade wars in the capitalist world.

A high degree of the self-sufficiency of the CMEA countries in major commodities is the main external economic factor behind the steady social and economic advance of the CMEA nations, the Director of the Institute stresses. Nowadays reciprocal deliveries meet the bulk of most of the CMEA countries' import requirements, machinery, oil, iron ore, hard coal, sawn timber and consumer goods.



Reliable mutual deliveries, the author continues, is an important element of the material foundation relying on which the CMEA countries have neutralised the more adverse consequences of crisis phenomena in the capitalist economy.

For some years now, the imperialist reaction, particularly Reagan's administration, has been working to worsen the conditions of trade and economic relations with the CMEA nations or even to curtail these relations. In order to pressurise them politically, the world reaction has increased discriminatory practices against many CMEA countries, especially against Poland and the Soviet Union, and is intensifying the economic blockade of Cuba. This stimulates CMEA nations to promote their collective technical and economic independence and tackle a wider range of problems through mutual cooperation.

Experience shows that attempts to subject the CMEA nations to economic blackmail and pressure are doomed in advance, the author emphasises.

(EKONOMICHESKAYA GAZETA, August 25. Summary)

CSO: 1812/171

COMMISSION MEETING, COMMUNIQUE FOR FOREIGN TRADE

Moscow FOREIGN TRADE in English No 8, Aug 82 pp 20-21

[Article by Vasili Balybin]

[Text]

The 63rd meeting of the CMEA Standing Commission for Foreign Trade was held in Moscow in early June this year.

The analysis of protocols on the trade turnover for 1982 concluded between the CMEA member-countries showed that the countries-members of the Council for Mutual Economic Assistance had achieved good results. In 1982 the CMEA member-countries' mutual trade turnover will increase by 11.1 per cent as compared to the previous year and reach 143,500 million rubles, according to the protocols concluded. It will be higher than it was envisaged in the long-term trade agreements for the current year.

The CMEA member-countries' trade with Yugoslavia will also grow.

The protocols on the trade turnover included goods deliveries envisaged in the agreements concluded on account of realizing the long-term specific programmes of cooperation, agreements included in the Coordinated Plan for Multilateral Integration Measures and agreements on specialization and cooperation in production.

The Soviet Union annually delivers products worth 2,000 million rubles to the CMEA member-countries only from the enterprises constructed by the CMEA

member-countries' joint efforts on USSR territory (the Soyuz gas pipeline, the Ust-Ilimsk pulp mill, the Kiembayev asbestos complex, factories producing ferro-alloys and ferri-ferrous raw materials, etc.).

The CMEA member-countries have over 1,000 bilateral and 120 multilateral agreements on specialization and cooperation in production in force and the mutual delivery volume under these agreements in 1982 will amount to 28,600 million rubles and increase by 15.7 per cent relative to 1981.

This created a good foundation for the further stable growth of the mutual CMEA member-countries and SFRY trade.

The trade turnover structure is being improved. Thus, the export of machinery, equipment and transport facilities in the CMEA member-countries' mutual trade in 1982 will increase by 10.4 per cent as compared to 1981 and their share in the total export will reach 40.6 per cent.

Fuel, mineral raw material and metal export will go up 11.1 per cent and in 1982 the share of these products will amount to about 30 per cent. Consumer goods export will grow by 13.3 per cent and their share in the total export in 1982 will be 9.6 per cent.

deliveries within the time-limits stipulated in the contracts;  
ensuring uniform mutual deliveries during the year.

The results of multilateral trade talks held annually between the CMEA member-countries during which protocols are signed on additional goods deliveries above the volumes envisaged in the main protocols on the trade turnover were considered at the meeting. The Commission recommended that the CMEA member-countries continue the work on achieving additional goods deliveries above the quotas coordinated in the protocols on the trade turnover for 1982.

The Commission considered the matter on the uniform monthly rates being paid by the customer for assembly work fulfilled by the supplier's specialists for 1983-1985 and also the question of price formation in mutual trade and the CMEA member-countries' cooperation in all kinds of services. The order of the further study of these problems was planned.

The Commission approved the results of work of the meeting of the CMEA member-countries' deputy ministers of foreign trade and the resolutions adopted by them. The meeting of the deputy ministers held in Erfurt (the GDR) in April 1982 considered a number of important matters envisaged in the work plan of the Commission for Foreign Trade for 1982.

Among the matters discussed at the meeting of the deputy ministers the following ones can be singled out. The course of mutual deliveries under agreements on specialization and cooperation in production and the exchange of opinions on the mutual deliveries under the commitments resulting from general and bilateral agreements concluded on the basis of long-term specific programmes of cooperation and agreements included in the Coordinated Plan for Multilateral Integration Measures for 1981-1985.

The CMEA member-countries' Ministers of Foreign Trade and

The Soviet Union has agreed upon a wide programme of mutual goods deliveries with the CMEA member-countries and Yugoslavia. The agreed mutual trade volume for 1982 will amount to 55,200 million rubles and surpass the goods delivery volumes, envisaged in protocols on the trade turnover for 1981, by 12.3 per cent.

The mapped programme for mutual goods deliveries will be an important factor for the further planned development of the CMEA member-countries' national economies and improvement of material and cultural living standards of peoples in the socialist community countries.

The Resolution "On the Results of Talks and Conclusion of Protocols between the CMEA member-countries and also SFRY on Mutual Deliveries for 1982" adopted by the Commission is aimed at:

- signing contracts under the concluded protocols as soon as possible;

- signing long-term contracts on complete equipment and machinery that needs a long manufacturing cycle for the 1983-1985 period;

- a more active participation of foreign trade bodies in the preparation and implementation of agreements on specialization and cooperation in production;

- ensuring full realization of assumed commitments under the annual protocols and long-term trade agreements, fulfilling goods the Foreign Trade Minister of the Socialist Federal Republic of Yugoslavia, headed the countries' delegations at the meeting drew up the agenda for the next meeting of the CMEA Standing Commission for Foreign Trade to be held in Moscow from November 30 to December 3, 1982.

At the next meeting the Commission will plan measures for implementing the resolutions of the 36th meeting of the CMEA Session held in Budapest (Hungary) on June 8-10, 1982. The work plan of the Commission for 1983-1984 will be adopted. The temporary working group will report on the measures taken for improving "The general principles of providing machinery and equipment delivered in mutual trade between the CMEA member-countries and SFRY with

spare parts, 1973." The CMEA member-countries' preparatory

work for the Sixth Session of the UN Conference for Trade and Development (UNCTAD VI) is planned to be considered. The agenda includes a number of questions concerned with perfecting the foreign trade price system.

The agenda by its contents is very comprehensive and will require considerable preparatory work.

Vasili Balybin

## **COMMUNIQUE**

### **on the 63rd Meeting of the CMEA Standing Commission for Foreign Trade**

The CMEA Standing Commission for Foreign Trade held its 63th meeting in Moscow on June 1-3, 1982.

The meeting was attended by delegations from the CMEA member-countries. The heads of each country's delegation were: M. Marinov, Deputy Minister of Foreign Trade of the People's Republic of Bulgaria; P. Veres, Minister of Foreign Trade of the Hungarian People's Republic; Hoang Trong Dai, Deputy Minister of Foreign Trade of the Socialist Republic of Vietnam; H. Sölle, Minister of Foreign Trade of the German Democratic Republic; R. Cabrisas, Minister of Foreign Trade of the Republic of Cuba; Jo. Ochir, Minister of Foreign Trade of the Mongolian People's Republic; T. Nestorowicz, Minister of Foreign Trade of the Polish People's Republic; D. Bejan, Minister, State Secretary in the Ministry of Foreign Trade and International Economic Cooperation of the Socialist Republic of Romania; N. Komarov, First Deputy Minister of Foreign Trade of the Union of Soviet Socialist Republics; and B. Urban, Minister of Foreign Trade of the Czechoslovak Socialist Republic.

In accordance with the Agreement between the Council for Mutual Economic Assistance and the Government of the Socialist Federal Republic of Yugoslavia, a SFRY delegation headed by D. Stepancev took part in the meeting.

The Commission's sittings were attended by representatives of the International Bank for Economic Cooperation and the International Investment Bank.

The Commission summed up the results of talks and protocols concluded between the CMEA member-countries and also with SFRY on mutual goods deliveries for 1982 specifying and supplementing the list of goods of long-term trade agreements.

In line with the concluded protocols the CMEA member-countries' mutual trade will be furthered and the CMEA member-countries' trade turnover with SFRY increased. In 1982 the member-countries mutual trade turnover will grow by 11.1 per cent relative to the previous year and exceed the volume envisaged in the long-term trade agreements for the current year.

The agreed volumes of goods deliveries include commitments resulting from agreements on the realization of long-term specific programmes of cooperation, agreements included in the Coordinated Plan for Multilateral Integration Measures of the CMEA member-countries, agreements on specialization and cooperation in production, and other economic agreements.

The mutual trade growth is more and more affected by specialized products deliveries, the volume of which will go up by 15.4 per cent, including that of the machine-building industry—by 14.8 per cent.

The Commission adopted resolutions aimed at fulfilling the commitments envisaged in the protocols for 1982, at increasing the deliveries above those stipulated by the long-term trade agreements and annual protocols on trade turnover and at further strengthening and developing the CMEA member-countries' economic cooperation.

The Commission also considered other matters developing the CMEA member-countries' cooperation in the sphere of foreign trade.

The meeting of the Commission was held in an atmosphere of comradely cooperation and mutual understanding.

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## USSR-CEMA TRADE

### TRANSFER RUBLE'S ROLE IN CEMA FINANCIAL SYSTEM

Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 82 p 21

[Article by V. Bochkov, candidate of economic sciences]

[Text] The CEMA member countries have created and set into operation in a rather short period of time their own socialist monetary and financial system conforming to the principles of planning economic activity and management of the economy. It includes the international socialist currency (the transfer ruble); multilateral settlement, embracing all types of commercial and non-commercial payments; short-term, medium-term and long-term credit financing. As a practical matter the socialist monetary and financial system operates through the International Bank for Economic Cooperation (MBES) and the International Investment Bank (MIB).

Under present-day conditions, when the international capitalist monetary system is seized by a profound crisis, the functioning of the socialist monetary and financial system has especially great importance. It makes it possible for the fraternal countries of socialism to conduct all types of settlements and payments with one another more effectively.

#### The Collective Currency

A main link in the international monetary and financial system of the CEMA member countries is their collective currency--the transfer ruble, which has been used in payments traffic since 1 January 1964. The transfer ruble serves successfully as an instrument for making all mutual settlements on the international socialist market. It is through the transfer ruble that prices are set among the CEMA countries on goods involved in their trade, that all mutual payments are made in commercial transactions and for services and other noncommercial operations, and that numerous credit calculations are made. The transfer ruble is used in accounts only in noncash form (in bank accounts). It does not circulate in the form of bank notes, treasury notes or specie.

The realism of the purchasing power of the transfer ruble is based on the planned development of social production of the socialist countries, on the planned nature of their turnover of commodities and on the socialist principles of setting prices in foreign trade. The principal sources from which the countries obtain transfer rubles are the export of goods and also credit extended by the MBES and MIB.

The next most important link in the international socialist monetary and financial system is represented by multilateral settlement among the CEMA countries in transfer rubles, which has also been in effect since January 1964. This settlement is based on bilateral and multilateral agreements on mutual deliveries of goods and on payments agreements. Settlement is made according to the principle of multilateral balancing of commodity deliveries and payments. In concluding trade and other economic agreements every country achieves balance for the year or other agreed period (as a rule not more than 3 years) between receipts and payments with partners in the system as a whole. This makes it possible for every country participating in multilateral settlement to have a net surplus with one partner and a deficit with another. But payments as a whole are equaled out for a particular period of time, that is, they are balanced. In the system of multilateral settlement the net results are for all practical purposes balanced in the course of regular payments in transfer rubles and with the use of credits extended by the MBES.

As evidenced by the unstinting development of economic relations among the CEMA countries, the transition to multilateral settlement on the basis of the collective currency suits the conditions of the present stage of cooperation and is contributing to deeper and broader international socialist division of labor.

#### Instruments Used in Settlement and Credit Financing

Multilateral settlement and short-term and medium-term credit financing are conducted in the foreign economic relations of the CEMA countries through the International Bank for Economic Cooperation, which began its operations at the same time as the socialist collective currency--the transfer ruble. Performance of credit operations in convertible currencies of the capitalist countries is an auxiliary function of the bank.

The agreement setting up the MBES and its bylaws make the participating countries responsible for meeting obligations in delivering goods and rendering services and provide definite measures for exerting pressure through the system of settlement and credit should the obligations not be fulfilled.

Settlement thereby tends to strengthen the planned nature of the trade among the socialist countries.

Over the entire period of its activity the MBES has issued credits for less than 3 years in the total amount of about 76 billion rubles. The credit terms are very favorable: the average rate of interest is 3-4 percent per annum, and for Mongolia, Cuba and Vietnam--from 0.5 to 2 percent. On the capitalist monetary market, as is well known, the charge on credit has reached 15-16 percent in the recent past.

The MBES settlement and credit system is so structured as to ensure money payments in transfer rubles for all commodities involved in exchange among the bank's member countries in the process of their economic cooperation. In certain cases when a time interval occurs in certain countries between the inflow of funds and payments, the bank can meet their need for short-term and medium-term credit.

The sum total of settlement among the member countries of the MBES in 1981 alone exceeded 140 billion transfer rubles, showing an increase of 14.1 per cent over 1980.

The deepening of socialist economic integration presupposes performance of major economic tasks which can be accomplished by the joint efforts of a number of countries. This has made it necessary for them to unite their physical and financial resources, including the system of international long-term credit financing. The MIB, which began its activity on 1 January 1971, is concerned with the affairs of long-term credit financing.

Over the 10 years the MIB has extended credits to the countries for construction and reconstruction of 78 projects in such sectors as fuel and energy, metallurgy, machinebuilding, light industry, the food industry and others. Over that same period more than 50 projects have been put into operation from which products have been exported to the CEMA countries in the total amount of about 11 billion transfer rubles.

The MIB's point of departure is the need to extend credits first for development of those branches of industry which make it possible to satisfy to a greater degree the mutual needs of the bank's participating countries and to create opportunities for reduction of commodity imports from the capitalist countries.

The reliable functioning of the monetary and financial system of the CEMA member countries over a long period of time does not at all signify that the possibilities for it to have a constructive impact on expansion of economic cooperation of the socialist countries have reached their limit. On the contrary, dynamic development of the economic, scientific-technical and other relations among the socialist countries, changes in the structure and management of their economies, and the greater complexity of socioeconomic processes are imposing new and higher requirements on the functioning of the monetary and financial mechanism.

#### Unused Potential and New Opportunities

Improvement of the international socialist monetary and financial system can be accomplished successfully, it is obvious, by improving the functioning of its basic units that have already been tested and tried by time and experience. Performance of this task requires that it be closely linked to measures to develop production specialization and industrial cooperation and to the deepening of coordination of national economic plans. This will create conditions so that the multilateral aspects of balancing trade will gradually become stronger through expansion of exports and imports, through creating reserves of many goods, and by improving their quality.

One of the important instruments in development of the international socialist market might be broader use of mutually agreed rates of exchange or coefficients against the transfer ruble. Expansion of their sphere of application will afford the countries the possibility of making better calculations of the effectiveness of foreign trade and other foreign economic relations on the



basis of relations between domestic and foreign trade prices for purposes of taking the appropriate economic decisions on production specialization and industrial cooperation and related to the construction and operation of joint enterprises.

Recently the role of the rate of exchange has been growing in noncommercial payments. It is set on the basis of a comparison of retail prices and rate schedules for services. The present system of noncommercial payments basically covers tourist, cultural and scientific-technical relations. Their development is tending to increase the role of operations involving noncommercial payments and is bringing about an essential change in their scale. Changes are also taking place in the pattern of personal consumption, retail prices of goods and rate schedules for services are changing in different ways in the various countries. And that makes it necessary to also improve the mechanism for adjusting relations among rates of exchange involved in noncommercial payments.

There is a great deal of unused potential in the activity of MBES and MIB. The growing economic relations among the countries are making it necessary to improve the credit and settlement mechanisms of both banks so that they can exert a more vigorous influence toward development of economic integration.

There is an urgent need to improve the mechanism of the CEMA countries in extending financial credits to finance measures of long-range target programs for cooperation and bilateral programs for production specialization and industrial cooperation. This has made it necessary to use socialist international and national monetary and financial instruments to improve the safeguarding of equivalency of payments relations over the long run and to take into account the operation of the law of value in the domain of international economic relations.

Direct relations among enterprises of the CEMA countries are becoming more important. In order to speed up development of this process there is an obvious need to create the monetary and financial forms of regulation which would encourage the initiative of enterprises. Strengthening direct relations among national monetary mechanisms would also contribute here.

Both the international and the national monetary mechanisms of the CEMA member countries cannot but be oriented in the future toward the possibility of setting up joint enterprises and firms and toward further development of the international socialist market.

Further development and improvement of the monetary and financial system of the countries of the socialist commonwealth is one of the important factors in their steady socioeconomic rise and in their performance of the magnificent tasks advanced by the congresses of the fraternal communist and worker parties.

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INTEGRATION, COOPERATION AMONG CEMA MEMBERS VIEWED

Moscow SOTSIALISTICHESKIY TRUD in Russian No 3, Mar 82 pp 103-112

[Article by B. Dyakin and B. Kheyfets, candidates of economic sciences:  
"Comprehensive Program for Integration and the Effectiveness of Cooperation"]

[Text] The long-range Comprehensive Program for Further Extension and Improvement of Cooperation and for Development of Socialist Economic Integration of CEMA Member Countries, adopted in 1971, has now completed the first year of its life. The course aimed at integration resulted from the entire course of development of economic and scientific-technical cooperation of the CEMA member countries and by the new tasks in their economic construction. In the communique concerning the 35th Meeting of the CEMA Session, which was held in Sofia in July 1981 and which took up the result of fulfillment of the Comprehensive Program ... and outlined ways of speeding up its performance, noted: "The decisions of the 26th CPSU Congress and the congresses of the other fraternal communist and worker parties which took place in the 1979-1981 period have confirmed the unanimous determination of the CEMA member countries to continue in future to carry out the principles of the Comprehensive Program for Further Extension and Improvement of Cooperation and for Development of Socialist Economic Integration and long-range target programs and bilateral programs of cooperation in order to solve the vitally important problems of the economy, to intensify social production, to improve the structures of national economic complexes in the various countries, and to make optimum use of the entire economic and scientific-technical potential of the CEMA member countries."

The article examines the main directions of cooperation among the socialist countries and also the advantages of the coordinated approach and in some cases even joint solution of the most important economic problems.

In the seventies there was considerable expansion of the mutually advantageous cooperation among the national economic complexes of the CEMA member countries. This is indicated above all by the growing scale of trade among them. For instance, whereas in 1970 the volume of foreign trade among the countries of the commonwealth amounted to 35 billion rubles, while in 1980 it reached 120 billion rubles, i.e., it increased 3.4-fold. Over the period 1961-1970 the average annual growth rates of commercial transactions among these countries (in current prices) were 9 percent, and in the 1971-1980 period 15.4

percent. Moreover, they considerably exceeded the growth rates of the national income and industrial output, which indicates that foreign economic factors are coming to have a greater influence on economic development and on rapid deepening of international socialist division of labor.\*

In 1980 a sizable portion of the import needs of the CEMA member countries were satisfied through the channels of mutual trade: 68 percent of the machines and equipment, 62 percent of rolled products of ferrous metals, 61 percent of consumer goods, 71 percent of iron ore, 75 percent of petroleum products, 70 percent of petroleum, 95 percent of bituminous or better coal, 94-95 percent of lumber, and so on. It should be taken into account here that trade among the CEMA member countries represented 53.6 percent of the total volume of their foreign trade.

For instance, for the Hungarian economy imports, above all from the CEMA member countries, represent one-third of the raw materials, nearly 60 percent of the machines and equipment for capital investment projects and one-eighth of the consumer goods sold to the population. The market of the commonwealth in turn received 80 percent of the machines and equipment that country exported, 50 percent of the industrially produced consumer goods and approximately 45 percent of the products of agriculture and the food manufacturing industry.

Even in the USSR, which possesses a large domestic market, diverse resources and a sizable scientific-technical and production potential, the deliveries of its partners in integration furnished in the 1976-1980 period as much as 40 percent of the economy's needs for new ships and lift trucks, about 35 percent of rail passenger cars, more than 30 percent of rolling equipment and about 12 percent of buses. Imports from the CEMA member countries represented 6-12 percent of retail sales for certain types of fabrics, 15 percent for canned goods, more than 20 percent for footwear, about 13 percent for furniture, dishware and sewn garments. Dozens of enterprises in ferrous and nonferrous metallurgy, machinebuilding, the petrochemical and chemical industry, light industry and the food manufacturing industry were furnished equipment from the CEMA member countries.

Development of diverse and mutually advantageous relations within the commonwealth has created favorable and reliable prerequisites for the gradual economic development of the CEMA member countries. For instance, in the 1971-1980 period the volume of national income produced--the broadest indicator of economic development--rose by two-thirds in the CEMA member countries as a whole. Moreover, we note a tendency for the growth rates of the national income to come closer to the growth rates of the gross social product, which indicates a shrinking of the share of material and production costs in the social product to the advantage of the national income. The rising efficiency

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\* Over the 10 years the national income produced of the CEMA member countries increased 66 percent as a whole, and the gross output of industry rose 84 percent. The mutual volume of trade exceeded in its growth rates the former indicated by 3.5-fold and the second by 2.8-fold. The ratio of exports to national income in 1978 was 29 percent in Czechoslovakia, 30 percent in GDR, 40 percent in Bulgaria and 54 percent in Hungary.

of the economy is also confirmed by the fact that the productivity of social labor over that period rose 54 percent in the CEMA member countries as a whole and 60 percent in the industrial sector.

Between 1971 and 1980 the total volume of capital investments in the national economy rose 73 percent for the CEMA member countries. About three-fourths of the total volume of investment resources was used for expansion, reconstruction and modernization of the branches of physical production. This paved the way for progressive changes in the structure of industrial production capital, which was expressed in a decrease in the share of buildings and installations and a rise in the relative share of machines and equipment. The predominant development of those branches of industry which determine technical progress was manifested in a 2.5-fold growth in the output of machinebuilding and metal manufacturing and a 2.2-fold growth in the output of the chemical industry. The growth rates of these sectors were higher than the growth rates of the gross output of industry by 1.8- and 1.5-fold, respectively. At the present time the output of machinebuilding, the chemical industry and the fuel and power industry represent about two-fifths of the total volume of the gross output of the industrial sector. The average annual volume of the gross output of agriculture of the CEMA member countries as a whole was 25 percent higher over the last 10 years than it was during the 1966-1970 period.

When we examine the results of the economic development of the CEMA member countries over the past 10 years, we should note that a number of qualitative indicators have improved substantially. By now between 75 and 100 percent of the growth of the national income in those countries is achieved by raising labor productivity. About four-fifths of the entire growth of output in the industrial sector of the CEMA member countries is achieved by virtue of that factor.

The consistent growth of the economic potential of the CEMA member countries has made it possible for them to successfully carry out extensive social welfare programs. In the seventies real worker income rose more than 50 percent in the states of the socialist commonwealth as a whole. Between 1970 and 1980 real per capita income increased 49 percent in Bulgaria, 31 percent in Hungary, 63 percent in GDR, 34 percent in Mongolia, 77 percent in Romania and 46 percent in the USSR. Moreover, there were substantial increases in payments and benefits from social consumption funds, which represent approximately one-third of the material goods and services received by the population of those countries. Quite a bit was done to improve housing conditions. In just the 1976-1980 period 14.8 million housing units were built, and more than 60 million persons moved into them, which comprises approximately 15 percent of the entire population of the countries of the commonwealth.

One of the most important results in carrying out the Comprehensive Program ... is the strengthened degree of coordination in development of the national economic complexes of the CEMA member countries, which has been aided by development and improvement of joint planning activity--the main link in the mechanism for management of integration.

Coordination of 5-year national economic plans, which, as emphasized in the Comprehensive Program ..., is an important form of joint planning activity, has deepened considerably. Once a form of cooperation achieved after national plans were drafted and consisting of the linkage of deliveries, it has now gradually become a continuous process and an effective means of deepening the specialization and balanced development of the national economic complexes. Coordination of plans has gone in the direction of strengthening the comprehensive approach to solving individual problems, toward more flexible combination of multilateral and bilateral cooperation in preparing and carrying out joint measures, in expanding the group of participants in coordination through the involvement of ministries, associations, and so on. This makes it possible to take the mutual interests of the partners more fully into account and to strengthen relations among them on a long-term basis.

Coordination of the state plans for economic development of the CEMA member countries in the current 5-year period has virtually been completed by now. On that basis most of the countries of the commonwealth have signed agreements on trade and payments for the 1981-1985 period. A sizable portion of the growth of the volume of trade among the CEMA member countries is with the USSR (its share in the mutual volume of trade of the CEMA member countries is 38 percent at the present time). According to a preliminary estimate, the USSR's trade with the other CEMA member countries in the 1981-1985 period (in 1980 prices) will increase at least 40 percent over the 1976-1980 period.

Exports of Soviet products of machinebuilding to the other CEMA member countries will exceed 35 billion rubles. A substantial portion will be made up of metal-cutting machine tools, metallurgical and power engineering equipment, road-building machines, tractors, transportation equipment, and so on. In the 1981-1985 period the Soviet economy will in turn receive from the CEMA member countries machines and equipment representing a still larger amount.

Much attention in the course of preparation of the long-term trade agreements has been paid to mutual deliveries of consumer goods. In the current 5-year period the USSR will receive from the other CEMA member countries consumer goods worth more than 40 million rubles, which will substantially expand their assortment and will make it possible to satisfy more fully the demand of our country's population for those goods.

It is significant that beginning in the seventies the national economic plans of most CEMA member countries set aside specific sections to integration in which they recorded the obligations arising out of the most important agreements concerning mutual cooperation. The first Coordinated Plan of Multilateral Integrative Measures, with an estimated face value of 9 billion rubles, is compiled for the 1976-1980 period. The second Coordinated Plan of Multilateral Integrative Measures was approved at the 35th Meeting of the CEMA Session for the 1981-1985 period.

Performance of long-range target programs of cooperation (DTsPS) has been a creative development and enrichment of the Comprehensive Program. As we know, the CEMA member countries approved five such programs in 1978 and 1979: for the production of fuel, energy and raw materials, for food and industrially

produced consumer goods, for up-to-date machines and equipment, and also for transport to support the mutual relations among the CEMA member countries. These programs, drafted for a 10-year period, define in advance the strategic directions of cooperation and are becoming a strong instrument for coordinated economic activity of the states of the commonwealth. It is instructive that in 1979 and 1980 about 40 percent of all the problems worked on in CEMA organs were directly related to preparing agreements and proposals pertaining to the DTsPS. Fulfillment of the programs means carrying out 230 measures for economic and scientific-technical cooperation. About 150 agreements related to carrying out these programs had been signed by July 1981.

Bilateral long-range programs for production specialization and industrial cooperation (DPSK), which are also a new form of joint planning activity, are now taking on great importance in strengthening synchronization in development of the national economic complexes of the CEMA member countries. In 1979 and 1980 the first six such programs were signed between the USSR and each of the European member countries of CEMA. Such programs have also been signed or drafted among the other member countries of CEMA. The bilateral programs pinpoint the configuration of specialization of the national economic complexes of the countries of the commonwealth and serve as a good basis for deepening the mutual division of labor.

Development of integrative forms of cooperation within the sphere of physical production and also in the domain of science and technology help to bring about an essential change in the character of mutual relations in the seventies; more and more they have begun to be shaped on a stable planned foundation. During the period that the Comprehensive Program has been in force, the CEMA member countries have concluded more than 120 multilateral and 1,000 bilateral agreements on production specialization and industrial cooperation. The share of products resulting from specialization involved in exports among the CEMA member countries has reached 34 percent of the total volume of the output of machinebuilding (in 1973 it was 18 percent).

Implementation of agreements on production specialization and industrial cooperation has helped to improve the sectoral makeup and pattern of foreign trade of the national economic complexes of the CEMA member countries and to increase the efficiency with which they function. For instance, thanks to large deliveries of 1,500 television sets to the USSR which have been agreed in advance for the 1981-1985 period, Czechoslovakia, as Czechoslovak specialists have noted, will achieve production runs of a size which makes it exceptional in this branch.

When the pipe fittings plants at Penza (USSR) and Magdeburg (GDR) underwent reconstruction, they redistributed their production program in order to concentrate the production of certain types and sizes of fittings and to substantially reduce duplication of the products manufactured by these enterprises. As a result labor productivity rose 1.8-2.1-fold at the Magdeburg Plumbing Fittings Plant, according to calculations of GDR specialists. At the Penza Plumbing Fittings Plant productivity doubled when a valve body line was put into operation, and it has risen tenfold in the plasma cutting section, which has just been created.

During fulfillment of the Comprehensive Program ... valuable experience has been gained in developing multilateral large-scale international production specialization and cooperation in the production of "Zhiguli" and "KamAZ" motor vehicles, electronic computers, shuttleless looms, and so on. For instance, for the production of "Zhiguli" automobiles the USSR is receiving, according to agreements concluded, about 60 component designations in lots running about 300,000-400,000 units from Bulgaria, Hungary, Poland and Czechoslovakia, as well as from Yugoslavia, and it will deliver finished automobiles in exchange.

Thanks to cooperation with the USSR, efficient large-run production operations have been created in the cooperating countries in making particular assemblies and parts--starters, generators and storage batteries in Bulgaria, headlights in Czechoslovakia, ignition locks and radios in Hungary, and so on.

Coordination in the economic development of the CEMA member countries during the seventies was also strengthened in solving such an important problem as the supply of fuel and raw materials.

The fuel and energy crisis that broke out in 1973 and 1974 in the world capitalist economy brought about a sharp rise of prices of fuel, energy and many types of raw materials on the principal world market. For example, the average price index for fuel and raw materials rose more than fourfold in the 1971-1979 period, including a 10-11-fold rise for petroleum. Under those conditions the countries of the commonwealth took into account the new tendencies in development of the world economy and made the necessary adjustments in the system of price setting in their mutual trade. These changes, related to a realistic assessment of the objective trend toward more expensive extraction of fuel and raw materials in the CEMA member countries, brought about a certain rise in prices of these products. But this rise is a gradual and planned process. Countries importing fuel and raw materials know in advance how large the increases will be for the next year and take this into account in their national economic plans. Moreover, even at the present time prices of fuel and raw materials in the mutual trade among the CEMA member countries are considerably lower than the corresponding world prices. For example, in 1979 the prices of petroleum exported by the USSR to the fraternal countries did not exceed 60 percent of the world level according to the assessment of Czechoslovak specialists. By virtue of the difference between world prices and contract prices the total foreign exchange saving of the CEMA member countries importing Soviet petroleum was at least 3 million dollars on an annual basis according to an approximate estimate for the period 1974-1979.

At the same time, the efforts of the countries were united in increasing the production of fuel and raw materials in those countries which are best supplied with the respective resources. The scale of this kind of cooperation increased substantially over the sixties. In the last decade such major projects have been put into operation as the Vinnitsa-Albertirsa long-distance power transmission line, which made it possible to increase deliveries of electric power from the USSR to the CEMA member countries by 6.4 billion kwh, the Soyuz Pipeline, through which 15.5 billion cubic meters of natural gas are exported to the CEMA member countries every year, the Ust'-Ilmsk Pulp and

Paper Plant, the Kiyembayevo Asbestos Combine, the Erdenet Copper and Molybdenum Mining and Ore-Dressing Combine in Mongolia, nickel plants in Cuba, and others.

The problems which are arising in the process of the cooperation of the CEMA member countries are solved jointly on the basis of the interests of each of the fraternal countries and common interests. This applies, for example, to the setting of preferential prices for petroleum, gas and other raw materials and industrial goods which the CEMA participating countries are supplying to one another.

There have also been special cases when friends have been in need of urgent help and have received it. That was the case with Vietnam, which had become the victim of aggression for Beijing. It was sent urgent shipments of food, medicine, building materials, and so on. Even in the situation that came about in Poland it was also quite evident how important it was to a socialist country to collaborate with the Soviet Union and the other CEMA member countries, which is stable, long-term and based on the principles of equality.

An important sphere of the mutually advantageous interaction of the CEMA member countries in the seventies was their scientific-technical cooperation. During the time the Comprehensive Program has been in effect more than 16,000 joint development projects have been completed. In all 2,000 prototypes of machines, equipment and devices were created, about 1,500 materials and preparations, and more than 1,000 manufacturing processes. Over the 10 years the economic benefit from use of joint developments of this kind in the national economy of the CEMA member countries exceeded 5 billion rubles.

Approximately 3,000 scientific research and project planning and design organizations of the CEMA member countries are now participating in scientific-technical cooperation (in 1971 they numbered 1,300). Integrative forms of interaction among the CEMA member countries in the field of science and technology yield not only a sizable benefit in the form of savings on funds and materials, but they also raise the technical level of production and promote a joining of the advantages of the socialist type of division of labor with the advances of the scientific-technical revolution. For example, thanks to joint Soviet-Bulgarian projects a highly efficient method of production of texturized materials was created which brought about a 4-6-fold rise of labor productivity, a 2-3-fold reduction of capital investments, and the need for production area was reduced to approximately one-third.

The All-Union Scientific Research and Technological Institute of Poultry Raising, jointly with Hungarian organizations, developed and applied improved and economical equipment for large poultry farms in which laying hens and young chickens are kept in cages, which makes it possible to substantially raise labor productivity and to obtain 22 million rubles more profit per year than according to the conventional technology without increasing the scale of capital investment.

Continuous production of amine salt in a higher concentration has been introduced at both the Ufa Production Association Khimprom and the Bitterfeld



Chemical Combine (GDR) in the process of cooperation. Joint operation has also made it possible to reduce the need for containers and railroad cars.

Recently CEMA member countries have been attributing particular importance to mutual exchange of progressive know-how. As noted in the speech of Comrade N. A. Tikhonov at the 35th Meeting of the CEMA Session, "the study and use of collective know-how can become a real material force that speeds up socioeconomic progress of the entire commonwealth.

After all, valuable know-how in economic construction has been acquired in each of the CEMA member countries; its use can yield a substantial benefit for others as well. The exchange of know-how is a promising direction of cooperation. It does not require any sizable outlays, but it still brings a solid economic benefit.

The exchange of experience is taking place at both the level of central planning and management agencies and also at the level of ministries, as well as associations and individual enterprises. To be specific, at the present time about 1,300 enterprises of the Soviet Union are maintaining constant relations with approximately 1,500 enterprises of the fraternal socialist countries. For instance, the enterprises Pol'di SONP in Kladno and Dneprospetsstal' in Zaporozh'ye have been cooperating for more than 10 years now. The movement of metal in self-propelled containers, which is in use at the plants of Pol'di, received especially high praise from Soviet specialists. The technological process was introduced at the plant in Zaporozh'ye, and it yielded an economic benefit of 300,000 rubles per year.

Competition of hundreds of collectives in the fraternal countries in honor of the congresses of the communist and worker parties held in 1981 has taken on an authentically international character. Such large enterprises participated in it as ChKD-Praga and ChKD-Sokolovo, (Chekhoslovenskiye vagonki), Aero, (ZPA Koshirzhe), the Varna--Il'ichevsk Ferry Complex, Rostsel'mash, Krasnyy Csepel, the Debrecen Canning Plant, the Shopron Carpet Factory, the Hungarian Shipbuilding and Cranebuilding Plant, the Berlin Machine Tool Building Combine and hundreds of other enterprises.

Another indication of the ramified integrative interaction of the CEMA member countries is their cooperation in the field of labor, wages and social security. In 1968 the Conference of Heads of State Labor Agencies of the countries of the commonwealth was created in 1968 and in 1974 was made a standing body of CEMA. Within it experience is exchanged and summary materials are worked up on the training of skilled personnel, on their retraining in connection with application of the advances of science and technology to production, on optimum utilization of labor resources and work time, on scientific management, on substantiation of work quotas and standards, on improvement of financial incentives, social security and labor legislation. Many scientific research institutes of the CEMA member countries collaborate closely in working on the most important problems of labor, wages and social security.\*

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\* For more detail see D. Karpukhin, "Joint Research and Exchange of Experience of Scientific Organizations in the Field of Labor," SOTSIALISTICHESKIY TRUD, No 11, 1981, pp 90-97.

The further development of socialist economic integration of the CEMA member countries presupposes that more attention be paid to a number of unresolved problems. Among them we might note the potential for development of production specialization and industrial cooperation in the manufacturing industry, in machinebuilding first of all. In a number of cases small-series and unprofitable production operations are being retained, though sometimes they duplicate one another. Such a progressive line of specialization as production of individual assemblies and parts is developing comparatively slowly. In certain cases agreements on production cooperation are not linked to agreements on scientific-technical cooperation, and this has an effect on the quality and technical characteristics of the product covered by international specialization. In mutual deliveries of commodities the share of new and, as they say, science-intensive products is still relatively small.

There is still a large potential in the CEMA member countries for taking advantage of mutual cooperation to reduce materials intensiveness and energy intensiveness of production and in raising the output-capital ratio and labor productivity. These questions are taking on particular relevance in connection with the fact that in most of them there will be a substantial reduction during the eighties of the possibility of involving additional natural resources, labor, fuel resources, raw materials and other physical resources, and the situation on the world capitalist market will become still more aggravated.

Taking into account the situation that has come about and relying on the constructive experience in carrying out the Comprehensive Program for Integration, the CEMA member countries have outlined specific ways of solving the problems that face them. In this connection the communist and worker parties held in 1979-1981 and also the meetings of leaders of the CEMA member countries, including the meetings in the Crimea, where the strategy was outlined for gradual deepening and improvement of their integrative cooperation, have had great importance in this connection. The chief objective of that strategy in the coming 10-year period is to strengthen the industrial and scientific-technical cooperation of the national economic complexes and to achieve still greater coordination in development of sectors, subsectors and individual production operations. The long-range target programs for cooperation, the long-range programs of production specialization and industrial cooperation, the coordination of national economic plans for the 1981-1985 period (and over a longer period of time for certain matters) which is being completed, the coordinated plan of multilateral integrational measures over that same period will strengthen coordination of the effort to state more precisely the pattern of specialization of the national economic complexes of the CEMA member countries. Implementing the joint planning documents which have embodied in specific measures the long-range coordinated strategy of integration is contributing to optimization of the division of labor and to cooperation within the framework of CEMA and to creation of international production complexes.

Reality itself is indicating the correctness of the scientifically sound policy of the countries of the socialist commonwealth. The 10 years of fulfillment of the Comprehensive Program have demonstrated the advantages of the coordinated approach to a number of the most important national economic

problems, and in many cases a joint solution of those problems. As noted in the decree of the CPSU Central Committee and USSR Council of Ministers on the results of the 35th Meeting of the CEMA Session, "the constructive results achieved by the CEMA member countries in the 10 years of carrying out the Comprehensive Program have utterly confirmed the correctness of the course of the fraternal parties toward deepening their mutual cooperation and socialist economic integration."

The task is to make broader use of the possibilities and advantages of mutual division of labor, which is an important potential for speeding up the transition to the intensive type of reproduction, for progress in the fields of science and technology, and for the rising prosperity of the peoples of those countries. It is a question of strengthening further the coordination in the economic activity of the states of the commonwealth. It was stressed at the 26th CPSU Congress that "reality itself is posing the task of supplementing the coordination of plans by agreeing on economic policy as a whole."

The need for closer coordination of economic policy was also discussed in the congresses of the fraternal parties of the CEMA member countries and in Sofia at the 35th Meeting of the CEMA Session in 1981.

Agreement on economic policy is yet another step on the road toward fuller combination of the national-state interests of the CEMA member countries and the international interests of the commonwealth. It will make it possible to avert in earlier stages the occurrence of difficulties and problems which sometimes arise in coordination of plans. In addition, and this should be especially emphasized, the coordination of economic policy, specifically in the area of reconciling the basic parameters and directions for improvement of the national economic structures that have taken shape, ensures conditions for more purposive joint performance of the strategic tasks in their socioeconomic development. Favorable conditions are being created for development of mutual division of labor within CEMA over the long run. The process of creating new economic proportions and maintaining existing ones is becoming easier. They include, for example, relations between the volume of petroleum production in the USSR and the capacity of petroleum refining and petrochemistry, between the Soviet iron ore base and ferrous metallurgy in the other CEMA member countries. Improvement of these proportions, just like that of other proportions, is determined by the unification of the efforts and resources of the interested countries.

Production specialization and industrial cooperation will develop especially rapidly in the newest sectors, those which serve in a way as catalysts of scientific-technical progress throughout the economy. At the 35th Meeting of the CEMA Session, to be specific, a new agreement was signed on creating a unified basis of standard components for radioelectronic apparatus, communications equipment and computer equipment; implementing it will make it possible to meet the needs of the countries of the commonwealth for electronic products at a high technical level and it will thereby promote automation of many production processes and a faster rise of labor productivity. There are plans for drafting a specific program of cooperation in the field of the production of microprocessors, which are now taking on great importance to increasing the efficiency of social production.

Work is also to be invigorated in the field of coordinating the scientific-technical policy of the CEMA member countries, above all in key sectors. On this basis it is easier to accomplish an economic and technically expedient limitation of the front of scientific research projects in the individual CEMA member countries and at the same time to deepen them on those topics which have been singled out as those which have a shaping influence. It is important to reduce the list of finished products in each of the countries in order to speed up its mastery. At the same time redistribution of scientific-technical and production programs among the CEMA member countries and mutual reconciliation of priority directions will increase the volume both of scientific-technical projects performed and also of the products produced.

One of the forms of the coordinated development of a number of key economic sectors of the CEMA member countries is building international production complexes, which Comrade N. A. Tikhonov spoke about in his speech at the 35th Meeting of the CEMA Session. Conclusion of large-scale agreements and performance of the measures contained in the DTsPS and DPSK will help to create them.

The basic characteristics of international production complexes are the intensive and stable cooperative scientific-technical relations, relations in production technology, and organizational and economic relations among the national complexes giving them shape. Large-scale and up-to-date production operations which are optimal from the technical and economic standpoint and which have been calculated to satisfy the needs of all or most of the countries interested in the particular product are shaped more rapidly in the framework of international production complexes.

The deepening of socialist economic integration and the greater effectiveness of cooperation require constant contacts among CEMA member countries not only at the general governmental level, but they also presuppose further development of relations among ministries, associations and enterprises and the creation of joint production operations. Development of such relations and exchange of know-how will give work collectives greater motivation to fill export orders. This will make it possible for them to react more flexibly and responsively to the requirements of partners in integration and thereby to speed up performance of integrational measures.

Thus the eighties will be an important stage in development of the socialist commonwealth. In that time a new step will be taken toward guaranteeing stable, balanced and dynamic economic development of the CEMA member countries, in achieving greater social efficiency of their integrational interaction, and in strengthening the unity and solidarity of the socialist commonwealth. Realization of the Comprehensive Program for Integration will be completed during the current 10-year period, the long-range target programs of cooperation and the bilateral long-range programs for specialization and cooperation will mainly be carried out. In this connection it will become necessary to create the prerequisites over that time for further comprehensive convergence of the states of the commonwealth in the more remote future and for finding new forms of management of the process of integration which are appropriate to the conditions which will come about by the beginning of the nineties.

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## TRADE WITH LDC'S

### DEVELOPMENT OF SOVIET-AFGHAN TRADE CONTINUES

Moscow SOVIET EXPORT in English No 3/128, 1982 pp 20-25

[Article by V.V. Rumiantsev, USSR Trade Representative in Afghanistan:  
"On the Basis of Good Neighbourliness and Mutual Benefit"]

[Text]

Trade links between our two countries were established back in the first years of the Soviet state. The Soviet-Afghan Friendship Treaty, signed in 1921, was the first inter-governmental document which laid a solid groundwork for good-neighbourly relations between our two countries. Precisely on the basis of this Treaty our economic relations began to take shape.

The progress of Soviet-Afghan trade is stimulated by a number of economic and geographical factors. For Afghanistan, which has no outlet to the sea, it is most expedient to develop trade with neighbouring states. The fact that our two countries have a common border reduces the transportation expenses of Afghanistan's exporters and importers and facilitates the settling of accounts.

Trade between the USSR and Afghanistan is done on the clearing basis. The clearing method of settling accounts and the signing of annual turnover protocols which include lists of items of mutual deliveries, enable Afghanistan to have a guaranteed market for its products. Now the country can broaden the range of its exports and meet its needs for imported goods of vital importance for the Afghan economy.

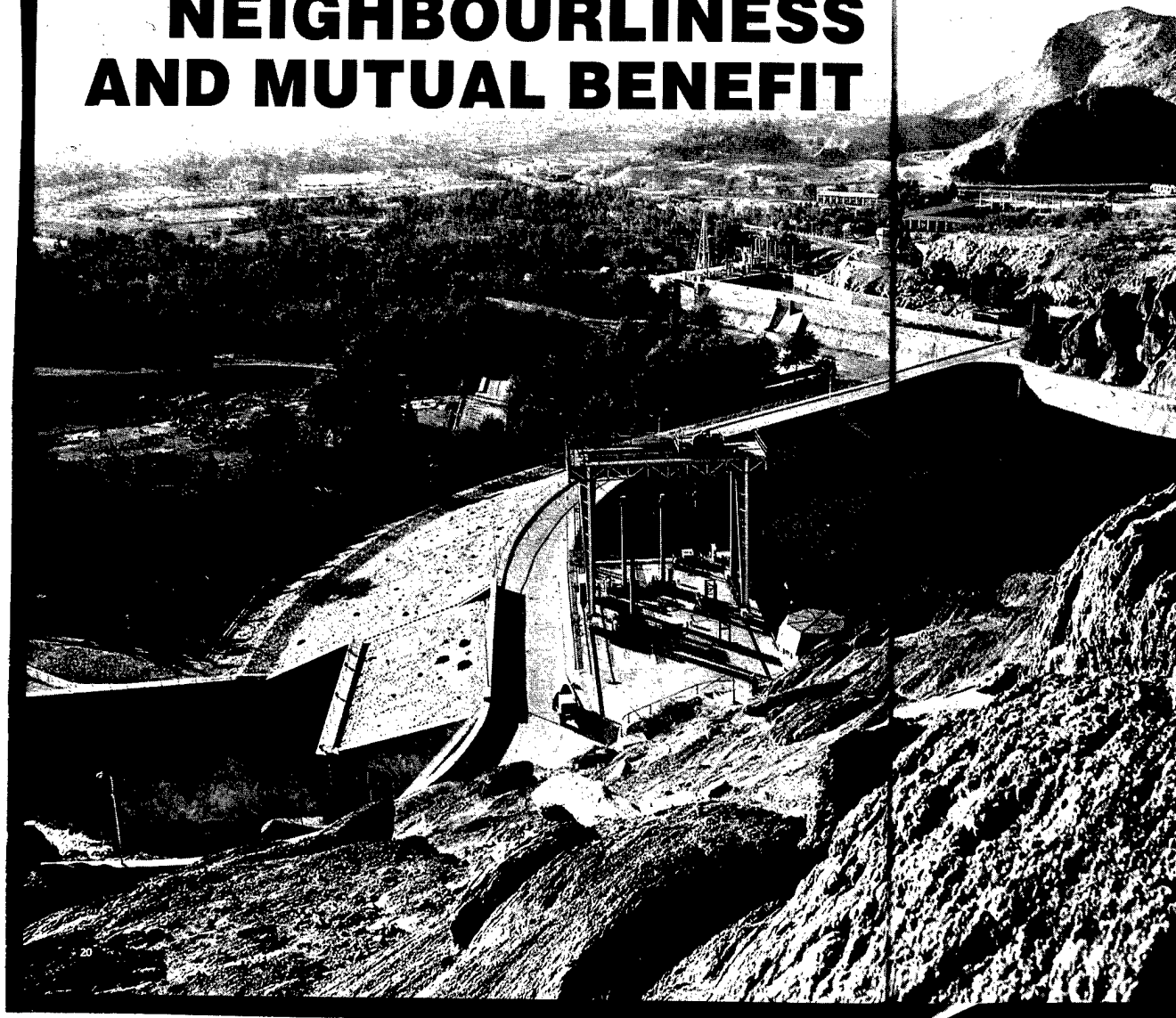
The stability of Soviet-Afghan trade makes Afghanistan's economy less sensitive to changes in the world market situation. This was seen particularly vividly in the years of the worldwide crisis of the capitalist economic system when the country had difficulties marketing its products in the markets of capitalist states. In such years, the Soviet Union made extra purchases of Afghan export goods.

Trade between the USSR and Afghanistan is now effected on the basis of the trade and payments agreement signed by the two countries on March 20, 1974. This document provides new legal prerequisites for the further expansion of Soviet-Afghan trade and accords each side the most favoured nation treatment.

In 1976, the first long-term agreement on commodity circulation was signed. Covering the 1976—1980 period the document specified the range of basic Soviet and Afghan exports and imports, enabled both sides to include mutual trade in their state plans and provided favourable conditions for its further progress.

# ON THE BASIS OF GOOD NEIGHBOURLINESS AND MUTUAL BENEFIT

V. V. RUMIANTSEV,  
USSR Trade Representative in  
Afghanistan



More than 30,000 hectares of barren land have been reclaimed in Afghanistan with the help of the Jalalabad irrigation system created with Soviet technical assistance. Photo: a general view of the headwork dam.

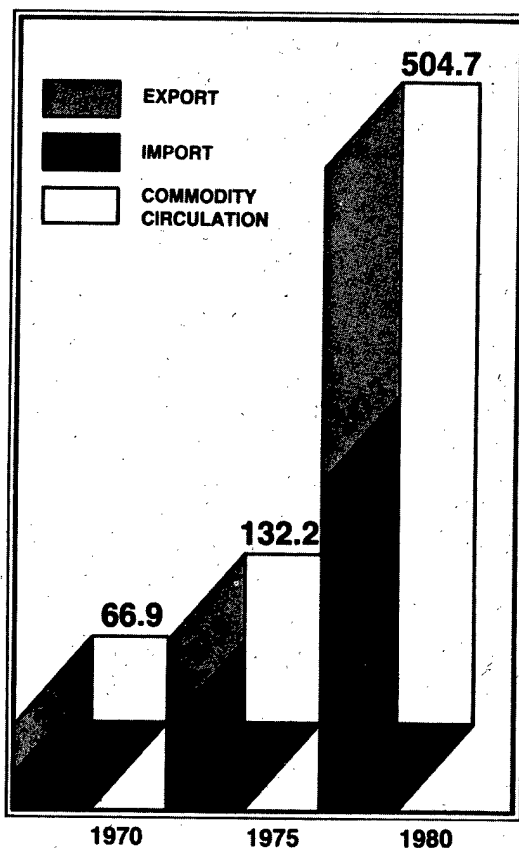
The signing of the Treaty on Friendship, Good-Neighbourly Relations and Co-operation between the USSR and Afghanistan, and of the Agreement establishing a permanent intergovernmental Soviet-Afghan Commission on economic co-operation was an important step in deepening the all-round Soviet-Afghan relations. The sides proclaimed that they "will broaden trade on the principles of equality, mutual benefit and the most-favoured-nation treatment."

The trade and economic relations between the two countries made especially dynamic progress over the last few years. In 1973, for instance, the Soviet-Afghan trade turnover was 70 million roubles; in 1978—215 million roubles; in 1980—almost 505 million roubles; and in the first half of 1981—326.5 million roubles.

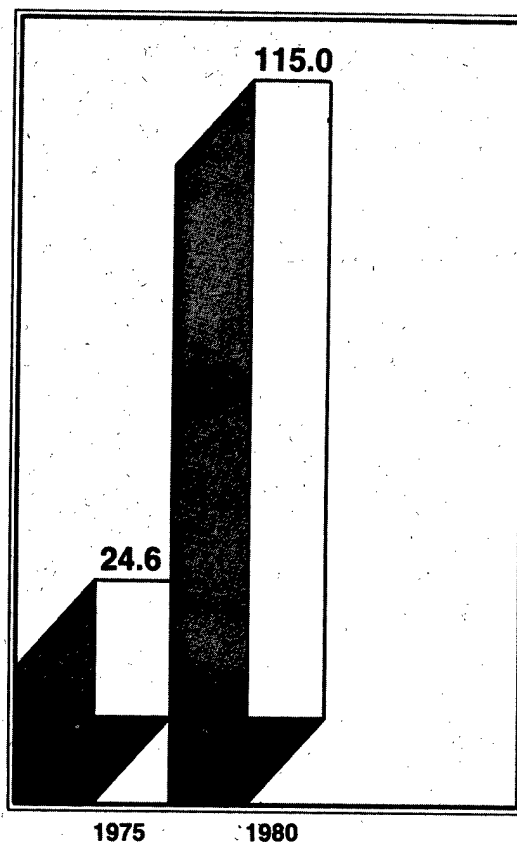
The Soviet Union is rendering Afghanistan substantial assistance in meeting its import requirements. We supply Afghanistan with machines and equipment vital for that country's industrialisation: metal-cutting machine tools, forging and pressing, power, electrical, mining, hoisting and transport and textile industry equipment, road building machines. In 1975—1980, the USSR's export of machines and equipment—complete industrial plant included—to Afghanistan grew 4.7 times.

Machines and equipment constitute almost half of the Soviet export to Afghanistan. In turn, complete plant for the industrial enterprises being built in the Republic on long-term credit terms under intergovernmental agreements on economic and technical co-operation makes up almost 50 per

**The Development of Trade Between the USSR and Afghanistan, million roubles**



**Export of machinery and equipment from the USSR to Afghanistan, million roubles**



cent of the equipment we export to Afghanistan.

Commercial credits granted by Soviet foreign trade organisations to Afghan organisations and firms on easy terms have a substantial role to play in Soviet deliveries to Afghanistan of machines, equipment and transport vehicles.

The import of Soviet equipment contributes a great deal to Afghanistan's economic progress. Motor transport is of special importance to that mountainous country. On the Republic's roads one can see many Soviet cars and trucks, including the latest KAMAZes. Afghan buyers think highly of the reliable and economical Soviet motor vehicles. A ramified network of motor depots,





service stations and pre-sale service points is being set up in Afghanistan in order to make a more effective use of Soviet cars and trucks. The Soviet Union is rendering Afghanistan every assistance in this.

Co-operation between Soviet and Afghan organisations in the sphere of trucking is making steady progress. The Afsotr mixed Soviet-Afghan transport and forwarding joint-stock company, with Soviet capital invested, takes care of about a third of the Soviet-Afghan freight turnover.

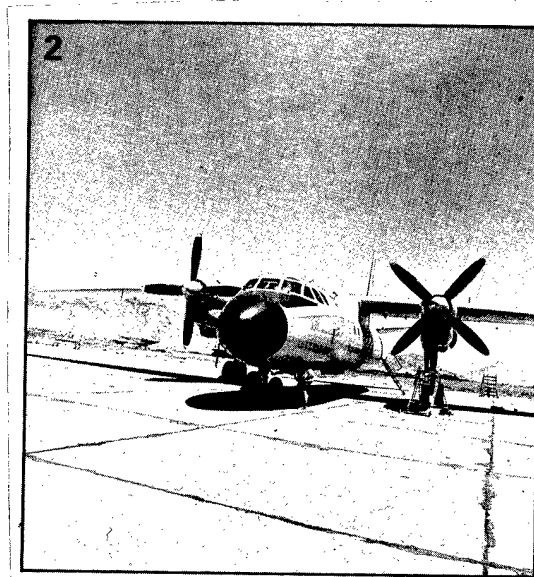
Two Soviet An-24 planes were delivered to Bahtar Afgan Airlines in January, 1981 to intensify passenger and cargo traffic by air.

The Soviet deliveries of tractors, combines and other farm machines are of great importance for the mechanisation of agriculture which is the main branch of Afghanistan's economy. This equipment, operating from machine and tractor stations now being set up, helps Afghanistan boost its agricultural production. Of no small importance in this respect are the Soviet deliveries of fertilisers and improved seed varieties. Soviet tractors arriving in Afghanistan are sold to farm cooperatives and individual peasants on easy terms.

The Soviet Union supplies practically all the wheat, sugar and oil products Afghanistan needs, and largely meets that country's import requirements for machines and equipment, transport vehicles, footwear, fabrics, soap and vegetable oils.

The main buyers of Soviet goods in Afghanistan are: state organisations such as the State Monopoly, the Central Food Products Administration, the Ministries of Transport and Tourism, Water Economy and Power Engineering, Agriculture, Mining and Industry, Public Works, the Bank of Agricultural Development, the Jangalak Motor Repair Works, and other departments and organisations. Mixed companies with state capital invested, for instance, Afghan-Kart, Samun, and also private companies play an important role in promoting trade links.

Afghan export to the USSR is growing at a rapid rate. The output of the enterprises built in Afghanistan with Soviet co-operation accounts for an ever greater proportion of Afghanistan's deliveries to the USSR. In 1980, this proportion constituted 56 per cent.

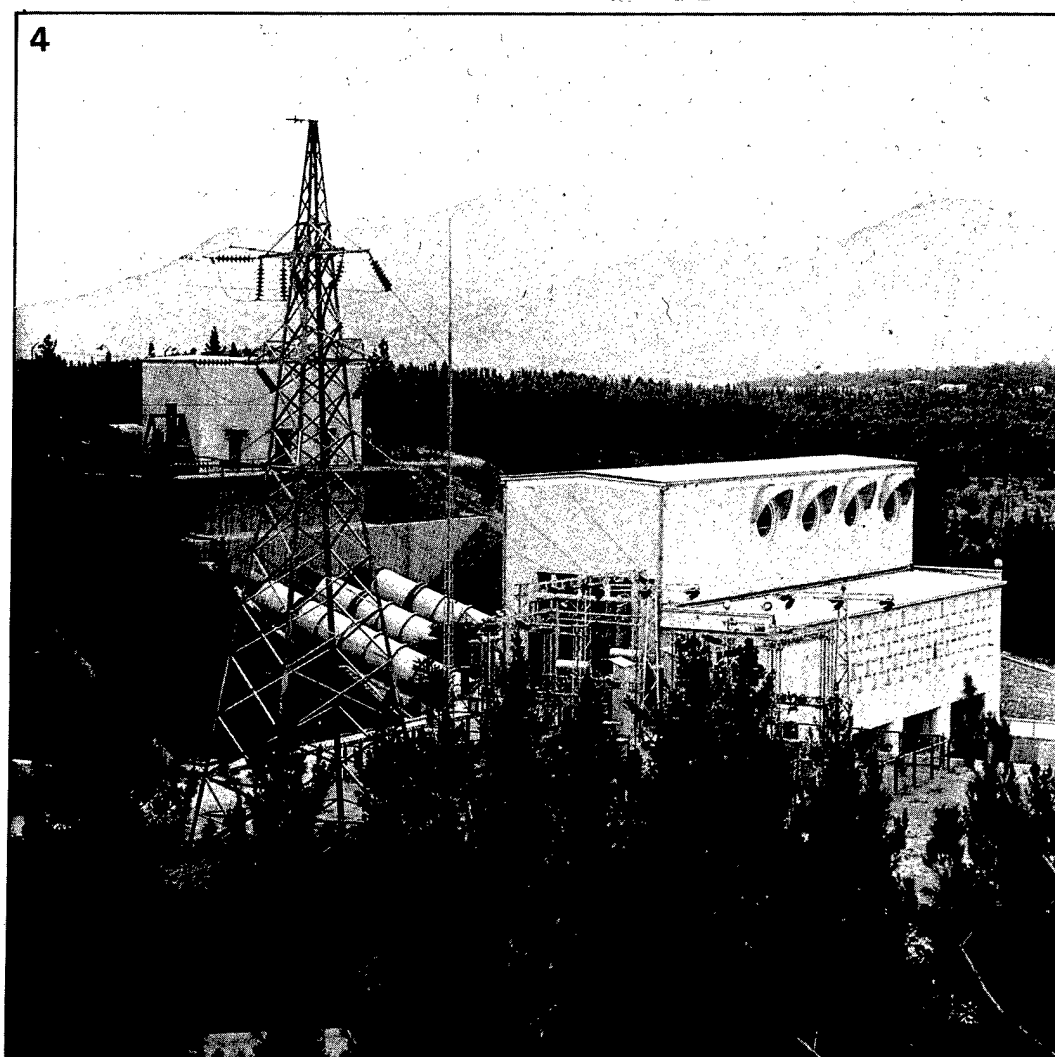


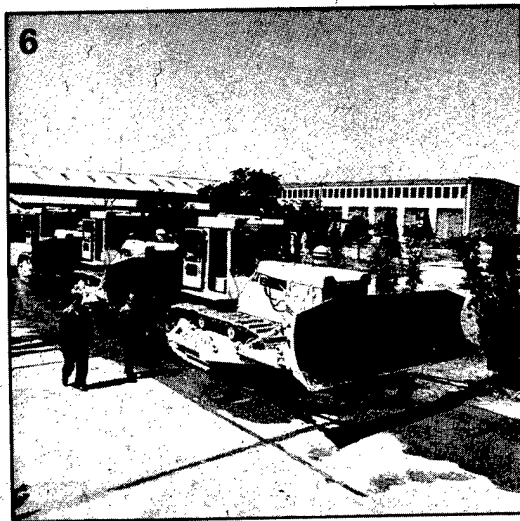
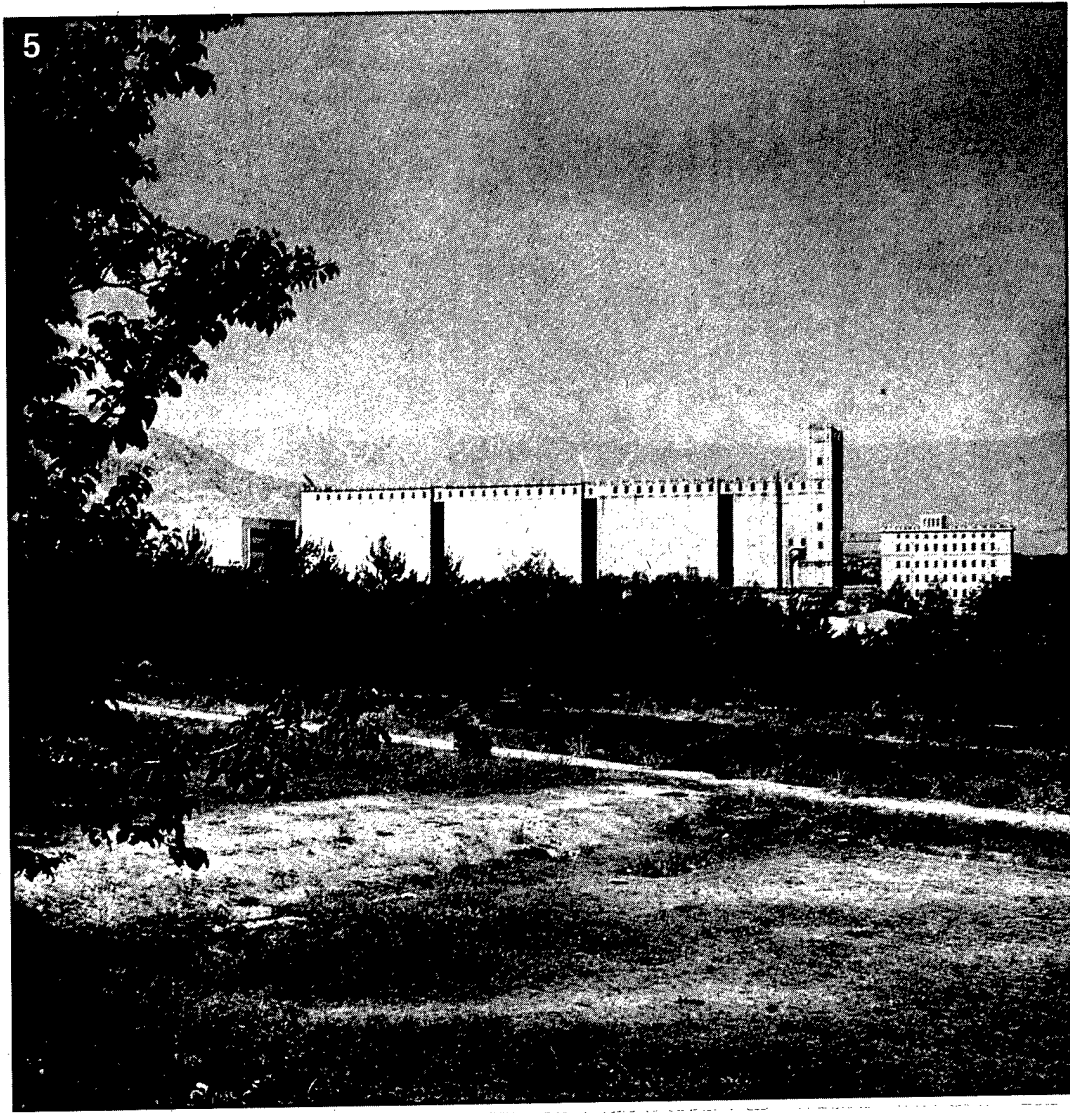
Aircraft reliability is of special importance in the conditions of Afghanistan whose territory is three-quarters mountainous. Afghan pilots have the highest praise for the An-24 Soviet planes (2). The USSR has helped Afghanistan to build dozens of industrial installations and more than 70% of that country's paved motor roads (1). The Poul-i-Khoumri hydroelectric station (4), the Kabul mechanical bakery (5). Machines and equipment constitute almost half of the Soviet export to the Democratic Republic of Afghanistan. The ZIL, MAZ, GAZ and other Soviet-made trucks have proved themselves on the roads of Afghanistan (3). Road building equipment is a prominent item of export from the USSR (6).

In 1976—1980, trade between our two countries doubled the level set by the commodity circulation agreement signed for that period. The volume of Soviet-Afghan trade grew 2.9 times as compared with the previous five years.

In April, 1981, a new long-term Soviet-Afghan commodity circulation agreement was signed for the period of 1981—1985. It provides for the trebling of the volume of mutual goods deliveries.

As the volume of Soviet-Afghan trade grows, its forms are becoming ever more variegated. In order to draw more commodities into this trade, the USSR and Afghanistan have signed an agreement on the development of co-operation between Soviet and Afghan consumers' co-operative societies and on the organisation of border trade between the Uzbek, Tajik and Turkmen Soviet Socialist Republics and the northern provinces of Afghanistan.



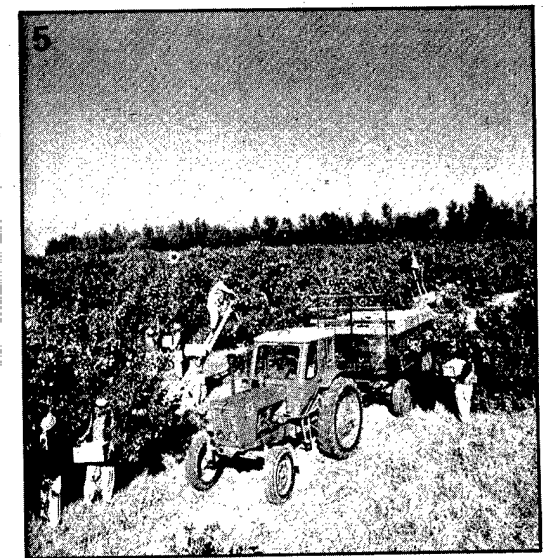
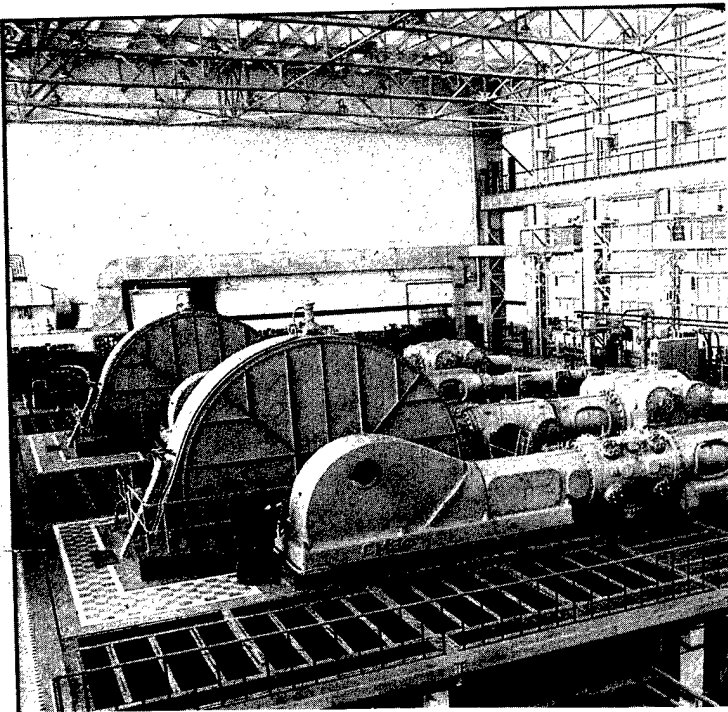
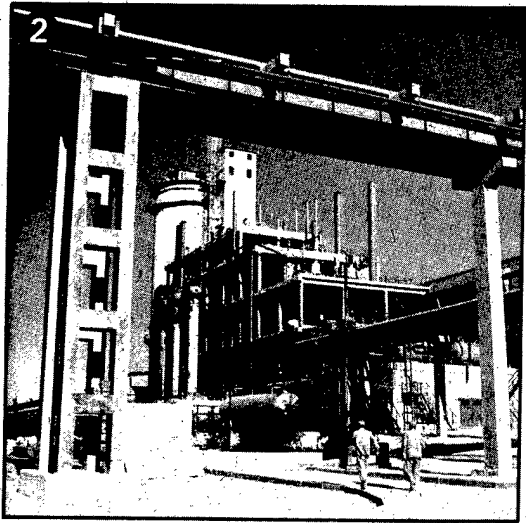




More than 300 Soviet looms operate at the Gulbahar Textile Mills. Specialists are pleased with their productivity (1).

Soviet deliveries of combine harvesters (3) and tractors (5) help to mechanise agriculture, the main branch of Afghanistan's economy. The first Afghan nitrogen fertiliser factory (2, 4), also built with Soviet technical assistance, meets the country's need for carbamide and ammonia.

The USSR supplies power equipment to Afghanistan. The Kabul substation, for one, is fitted out with it (6).



6



CSO: 1812/162

## TRADE WITH LDC'S

### TRADE, COOPERATION BETWEEN USSR, INDIA

Moscow FOREIGN TRADE in English No 8, Aug 82 pp 8-12

[Article by Mikhail Kiselev, Head of Department for Trade with Asian Countries, USSR Ministry of Foreign Trade, Oleg Drozdov, Chief Expert of the Department: "USSR-India Trade and Cooperation"]

[Text]

The Soviet Union places great stress on strengthening and developing all-round friendly and mutually advantageous relations with India—one of the largest countries whose role in the international matters grows from year to year. At the present time Soviet-Indian relations have attained a high degree of development in all fields.

Trade and economic ties are an important constituent of the USSR-India traditional friendly relations. In the postwar period when the obtaining of political independence had opened for India the possibility of establishing direct trade and economic ties between the two countries, the Soviet Union, following the Leninist course for assisting the peoples' national liberation movement and guided by the principles of friendship and mutual aid, began to assist India in advancement of its economic independence.

The stable and rapid development of the Soviet-Indian trade began in 1953 after signing the first long-term (five-year) USSR-India trade agreement. This agreement has attached to both countries' trade ties a regular and stable character as it established the necessary trade, political and juridical norms for the partners, mutual relations, especially, the most-favoured-nation treatment in trade.

Since then the signing of long-term trade agreements has become a practice in USSR-India trade relations. At present the sixth similar agreement—for 1981-1985—is operative.

The experience of implementing the five previous long-term agreements has convincingly proved the mutual benefit of Soviet-Indian trade ties. Their planned foundation assures a stable trade turnover growth and stable perspectives for trade development. The commitments assumed on the basis of these agreements are being adjusted by annual protocols on trade turnover, which helps the USSR and India to take into account the planned mutual goods deliveries in perspective and current plans for economic development in advance. Of great importance is the fact that trading settlements between the two countries are carried out in the Indian national currency—rupees. Therefore neither the Soviet nor the Indian side have the problem of searching for freely convertible currency for accomplishing trade operations.

USSR-India economic cooperation, the foundation of which was created through the signing of an agreement in February 1955 on cooperation in constructing the Bhilai steel plant, is one of the forms of the two countries' mutual ties. Since then for over 27 years economic and technical cooperation with the USSR has been one of major factors successfully developing India's economy. During these years the cooperation has taken on a character of large-scale stable ties embracing major branches of India's economy. With the Soviet Union's assistance more than 80 projects are being constructed and modernized in India, more than 50 of which have been put into operation. The projects constructed with Soviet assistance produce now more than 33 per cent of steel, extract about 42 and refine 31 per cent of oil, generate 11 per cent of electric power and manufacture a substantial portion of metallurgical, mining and power engineering equipment of the total volume of these sectors' output in the country.

Construction of large industrial enterprises in India with Soviet assistance played a decisive role in advancing and strengthening the state sectors and raising the country's general economic potential. Thanks to this India from a backward country in the industrial respect has turned into a leading one among the newly-free countries and joined the first ten largest countries in the total volume of industrial production.

In accordance with the terms of agreements on economic cooperation India received long-term credits from the USSR on rather beneficial terms which have been repaid by Indian goods deliveries. India received not only machinery and equipment requir-



ed for the country's industrialization on favourable terms but also a capacious and reliable market for its goods. In addition, through paying off the credits by goods the country was able to save freely convertible currency.

Statistical data shows a dynamic growth of mutual trade over the past five-year-plan periods. In 1956-1960 the USSR-India trade turnover volume was 549 million rubles, in 1961-1965—1,300 million rubles, in 1966-1970—1,700 million rubles, in 1971-1975—2,700 million rubles and in the last five-year-plan period (1976-1980) it reached 5,100 million rubles. In 1981 the countries' trade turnover amounted to 2,398 million rubles. India has become the USSR's largest trade partner among the developing countries, leaving behind a number of industrial capitalist countries, in particular the USA, by the volume of trade with the Soviet Union.

In its turn the Soviet Union is India's most important trade partner; it occupies the first place in India's foreign trade turnover.

USSR-India trade and economic relations have especially progressed over the last decade. The Agreement on Peace, Friendship and Cooperation between the USSR and India concluded in August 1971 as well as subsequent mutual visits of the two countries' leaders, in particular, the visits to India of L.I. Brezhnev, General Secretary of the CPSU Central Committee, Chairman of the Supreme Soviet of the USSR in November 1973 and December 1980 and the visits to the Soviet Union of I. Gandhi, Prime Minister of India in June 1976 and N.S. Reddy, President of India in September 1980 have to a great extent contributed to this. The joint Soviet-Indian Declaration of November 29, 1973, signed as a result of the first visit of L.I. Brezhnev to India, set a task to increase the mutual trade volume 1.5-2 times by 1980. Thanks to the efforts taken by both sides this task was not only successfully accomplished but bettered. In the last five-year-plan period a number of agreements on additional (above the volumes provided for by the Trade Agreement for 1976-1980) oil and petroleum product deliveries to India in exchange for Indian goods were concluded and implemented.

A considerable growth of Soviet-Indian trade volumes is accompanied by substantial extension of the range which now includes hundreds of the above-named goods. The goods structure of mutual goods deliveries has undergone great changes over the last 20-25 years. Thus, in the USSR export an appreciable portion is occupied by machinery and

equipment the share of which in certain years (in particular in the late 1960s) reached up to 75 per cent of the total USSR exports to this country. This is connected with the Soviet Union's active assistance in India's programme for the country's industrialization. Soviet machinery and equipment deliveries helped put a number of large industrial projects into operation, create certain heavy industry sectors and develop power engineering.

Along with this an important place in the USSR machinery and equipment export over recent years has been taken by spare parts and components for the already supplied machinery and equipment as well as highly productive machine tools, excavators, equipment for the oil industry, lorries, air service facilities and other products. In 1980 the volume of machinery, equipment and transport facilities deliveries exceeded 117 million rubles and amounted to about fifteen per cent of the Soviet export to India.

In the 1970s the Soviet Union, taking into account the wishes of the Indian side, increased deliveries of many types of raw material and industrial goods of great importance for India's economy: petroleum products, fertilizers, metals, asbestos, newsprint, etc. Since 1976 India began receiving Soviet crude oil.

At present Soviet deliveries cover more than 60 per cent of kerosene and over 40 per cent of diesel fuel, about 55 per cent of asbestos and more than 20 per cent of newsprint of total Indian import requirements.

As for the *USSR import from India* it is worth mentioning above all that at present the Soviet Union is the largest purchaser of Indian goods. In 1980 the value of Indian export to the USSR exceeded that of 1975 2.2 times. As a result the Soviet Union share in India's total export reached approximately fifteen per cent. At present the USSR purchases from India about 25 per cent of jute bags and textile, tea, tobacco, more than forty per cent of black pepper and fifty per cent of cashew nuts exported. In 1976-1980 the Soviet Union imported from India 232 thousand tons of tea, 96 thousand tons of natural coffee, 77 thousand tons of cashew nuts, about 90 thousand tons of tobacco, 511 million metres of jute cloth, about 791 million jute bags and other goods.

It ought to be emphasized that the Soviet import growth occurs not only due to increased purchases of traditional Indian goods but mainly because of a considerable expansion of deliveries of

new products of India's national industry. Today the share of finished and semi-finished products in the USSR import from India exceeds sixty per cent. The Soviet Union purchases great amounts of cotton cloth, knitwear and ready-made garments, shoe uppers, paints and dyestuffs, chemical products, handicrafts, carpets and other consumer goods as well as industrial raw material for their manufacture. It is worth mentioning that Soviet foreign trade organizations were the first large purchasers of some goods which helped India create and develop certain industries—for example, the production of woollen knitwear and ready-made garments.

The Soviet Union taking into account the increasing possibilities of India's machine-building industry from year to year increases the purchases of certain types of this sector's products: garage equipment, storage batteries, automobile accessories, printing equipment, bench and erection tools, heating units, incinerators, cables, steel-wire rope, etc. Thus in 1971-1975 Soviet foreign trade organizations purchased the products of the above group worth of 41.4 million rubles and in the last five-year-plan period (1976-1980) their value was about 150 million rubles. Part of the equipment is purchased for subsequent delivery to third countries for use at projects being constructed with the USSR economic and technical assistance.

The process of diversification of the Soviet import from India reflects also the Soviet Union's principled position in the trade with the developing countries aimed at expanding the share of these countries' industrial products in its import if such possibilities exist. The Soviet Union's purchases of Indian industrial products and many traditional goods assure the employment of hundreds of thousands of Indian workers. Thanks to Soviet purchases India's organizations and firms are able to increase the export of goods difficult to sell on the capitalist countries' markets because of the very strict protectionist measures imposed.

An important factor promoting the successful development of Soviet-Indian trade is its mutually beneficial character. The USSR and India are not competitors, on the contrary, thanks to the developed foreign economic ties the two countries' economies can successfully supplement one another. While purchasing from the Soviet Union products which are required for developing the national economy, India in its turn exports such goods to the Soviet Union which are either not produced in our country (for example, jute and jute products, coffee, black pepper, cashew nuts) or the home production of which does not fully satisfy the demands of the

USSR national economy. Thus, the Soviet-Indian trade is a good example of the mutually beneficial international division of labour.

Over recent years a number of new large initiatives has been implemented which have expanded the contents and enriched the forms of friendly relations and mutually beneficial bilateral cooperation in various fields. On March 14, 1979, a Long-term Programme for Economic, Trade, Scientific and Technical Cooperation between the USSR and India was signed which determined the main directions of the Soviet-Indian trade and economic relations for 10-15 years. The signing of this Programme was a powerful impetus for developing the two countries' economic ties not only in the branches that have become traditional such as the iron and steel industry, petroleum and petroleum refining, coal and machine-building industries but also in new branches, in particular: the pulp-and-paper, irrigation, food and building material industries. The working programmes of cooperation in these sectors have already been signed.

Great attention in these programmes is paid to questions of trade cooperation. It is envisaged that the sides will promote the further growth of mutual trade by expanding the goods range and searching for new forms of trade with due account of the possibilities and requirements of the two countries' economies. The Long-term Programme set the aim of increasing the mutual trade growth rates

1.5-2 times in 1981-1985.

L.I. Brezhnev's visit to India in December 1980 was of great importance for the further strengthening and expansion of the Soviet-Indian relations. During this visit very important documents were signed which determined the further perspective of these relations. These, in particular, include the Agreement on Economic and Technical Cooperation signed by L.I. Brezhnev and I. Gandhi. This Agreement has opened wide perspectives for the development and deepening of the Soviet-Indian economic and technical cooperation in various fields, primarily in the fuel and power engineering sectors. The Agreement envisages the sides' cooperation in constructing large projects including: the Mukunda open-cast mine (capacity 12 million tons of power-generating coal per year), the Nigahi open-cast mine (14 million tons of coal annually) being constructed in conjunction with the Vaidan thermal power station (capacity one million kW with subsequent expansion up to three million kilowatts) and an electric power transmission line; the Djandjra coal mine (2.8 million tons of coal annually) and a number of other projects.

The Agreement provides for the continuation of cooperation in ferrous metallurgy: the further expansion of the Bhilai and Bokaro iron and steel works, construction of a factory in Visakhapatnam (capacity 1.2 million tons of steel annually at the first stage with further expansion up to three million tons of steel annually), cooperation is planned in constructing a number of projects on a compensation basis in the field of medicine and the food industry.

During this visit the USSR-India Trade Agreement for 1981-1985 was signed envisaging a considerable increase of mutual trade volumes and goods range in the current five-year-plan period.

This Agreement provides for the Soviet Union to deliver great amounts of oil and petroleum products, mineral fertilizers, chemical products, medicines, asbestos, newsprint and other products to India. The USSR machinery and equipment deliveries are to be expanded. In particular, India receives machine tools and metal-working equipment, mining, geological prospecting, oil drilling, construction, earth-moving, lifting and conveying equipment, rolling and chemical equipment as well as air transportation means, components and spare parts for the enterprises constructed with Soviet assistance and other types of machinery and equipment.

The five-year agreement has planned to increase purchases of such goods from India as tea, coffee, black pepper and other spices, cashew nuts, tobacco, castor oil, mica, jute products, pharmaceutical raw material, medicines, etc. The Soviet Union will greatly increase the import of Indian industrial consumer goods, in particular, knitwear and ready-made garments, carpets, etc.

The Soviet Union's purchases of Indian machinery and equipment are being increased. The Indian export list includes also electronic instruments, components, machinery and equipment being produced at enterprises built with Soviet assistance as well as machine tools, truck loaders and textile machinery for the current five-year-plan period.

Trade is successively progressing in the current five-year-plan period. The Soviet goods export to India in 1981 increased almost by 25 per cent relative to that in 1980 and the import from India—more than by fifty per cent. Successful implementation of the protocol on the USSR-India trade turnover for 1981 and the Soviet-Indian agreement dated April 30, 1981, on mutual deliveries of certain goods in 1981-1982 envisaging USSR additional (above the volumes provided for by the protocol

on trade turnover), oil and petroleum product deliveries to India with repayment being made by deliveries of a number of Indian goods to the USSR.

Both sides constantly search for new ways to expand and deepen trade relations. In this connection it is worth mentioning the visit of a group of prominent representatives of Indian business circles headed by N. Tata to the USSR at the end of September-beginning of October 1981 at the invitation of the USSR Chamber of Commerce and Industry. In the course of talks both Sides put forward useful proposals concerning the further development of business relations between Soviet foreign trade organizations and Indian firms.

In December 1981 talks were held in Delhi, and the current protocol on USSR-India trade turnover for 1982 was signed according to which the Soviet-Indian trade volumes should increase approximately by 15 per cent as compared to the 1981 level. Implementation of this protocol will promote further expansion of the two countries' trade ties which will strengthen traditional friendly relations and fruitful cooperation between the USSR and India.

L.I. Brezhnev, General Secretary of the CPSU Central Committee, Chairman of the Supreme Soviet of the USSR, in the Report to the 26th CPSU Congress said about the importance attached in our country to these relations: "A prominent place in the Soviet Union's relations with the newly-free countries, is of course, held by our cooperation with India. We welcome the increasing role played by that state in international affairs. Our ties with it continue to expand. In both our countries Soviet-Indian friendship has become a deep-rooted popular tradition." \*

There is no doubt that in the 11th Five-Year-Plan Period Soviet-Indian trade and economic relations will as before be carried out on a long-term equitable and mutually beneficial basis in the interests of both countries' peoples, and India will remain one of the USSR's largest trade partners among the developing countries.

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\* *Materials of the 26th CPSU Congress*, Novosti Press Agency Publishing House, 1981, p. 19.

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English translation "Foreign Trade", 1982

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